JUPITER UK GROWTH INVESTMENT TRUST PLC

Annual Report & Accounts

For the year ended 30 June 2020

Contents

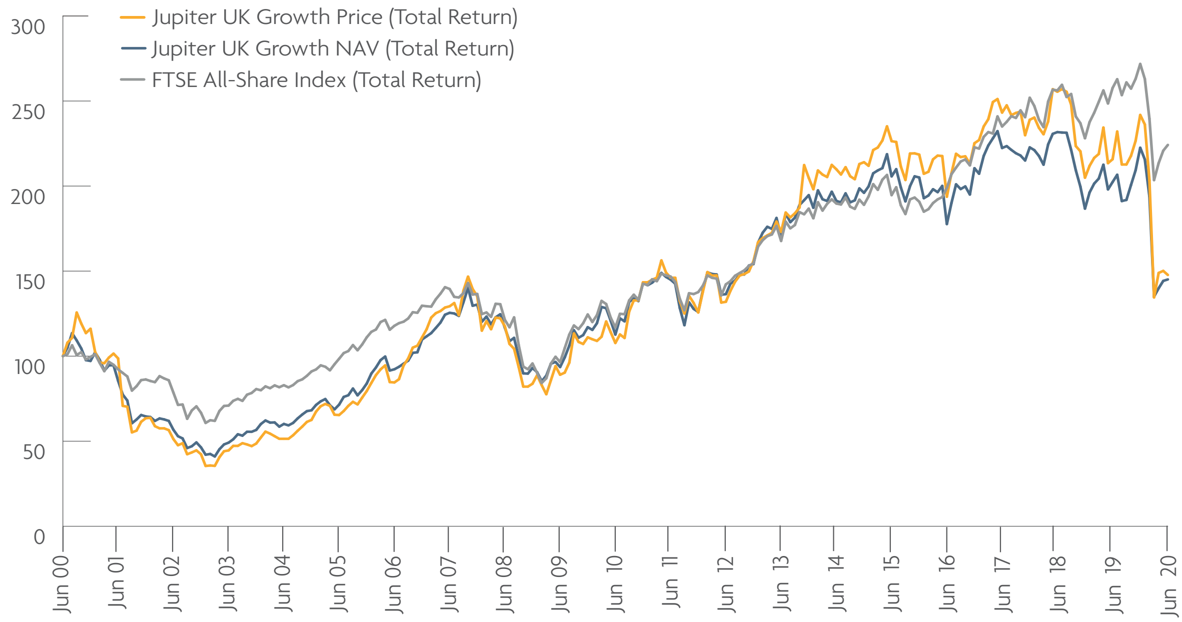
Investment objective

The company is a UK investment trust. Its objective is to concentrate on capital appreciation for its shareholders from holding predominantly UK listed investments.

Investment approach

Since launch in June 1972 the net asset value of the company's shares has increased by more than 3,950%. The company's performance over the past twenty years, since 30 June 2000, may be illustrated as follows:

Graph showing performance since 2000



Source: Morningstar.

From May 2016 until May 2020, Jupiter UK Growth Investment Trust PLC was managed by Steve Davies, the head of Jupiter Asset Management Limited ('Jupiter') UK growth team. His investment style focussed on growth and recovery stocks, accepting somewhat higher volatility in pursuit of longer term capital appreciation, in keeping with the company's historical mandate.

On 18 February 2020, the board announced that it had reached an agreement with Jupiter for Richard Buxton to assume lead fund management responsibility for the company. This agreement followed an announcement by Jupiter on 17 February 2020 regarding its proposed acquisition of Merian Global Investors Limited ("Merian").

A Transition Management Team ('TMT') comprising senior members of Jupiter's investment team and led by the Chief Investment Officer of Jupiter assumed responsibility for the investment management of the company and managed the company's investment portfolio until Richard's appointment as lead fund manager. By the end of April, the TMT had transitioned over 95% of the company's portfolio to align with Merian's UK Alpha strategy.

The acquisition of Merian was approved by Jupiter's shareholders at its Annual General Meeting on 21 May 2020 and Richard became the lead fund manager of the company with effect from 26 May 2020, in place of the TMT who had completed the transition of the company's investment portfolio to align with Merian's UK Alpha strategy.

Richard Buxton and this team use a high conviction approach, typically holding 30-40 stocks, combining fundamental research with a patient, long term time horizon. The team principally invests in UK large cap companies but also selectively takes mid-cap exposures.

Investment policy

Jupiter Asset Management Limited, the investment adviser, adopts a flexible approach to identifying the best investment opportunities for the company. In doing so the investment adviser utilises a bottom up analysis of companies in the screening of potential UK investments for the company's investment portfolio.

There are no specific individual stock, sector, geographical or market capitalisation limitations or weightings applicable to the construction of the company's investment portfolio. Nevertheless, the company will invest principally in companies which are listed and/or which undertake a significant proportion of their business in the United Kingdom. The investment adviser will provide sufficient portfolio diversification to ensure an appropriate balance between the prudent spread of risk and the generation of returns for shareholders from the company's investment portfolio. No single holding shall constitute more than 10% of the company's total assets at the time of investment.

The number of individual holdings, and the geographical, sector and market capitalisation allocations within the portfolio will depend on market conditions and the judgement of the investment adviser, by delegation from the board, of what is in the best interests ofshareholders from time to time.

During the financial year, the company held a flexible loan facility of £22 million (with a commitment of £12 million) which the investment adviser was authorised by the board to draw down for investment purposes. This facility expired on 24 September 2020 and has not been renewed in light of the company's plans to liquidate.

The company's investment portfolio is not constructed in order to track the performance of a benchmark and will typically differ significantly in composition from the most commonly used UK market indices. When reporting and reviewing performance the board uses the FTSE All-Share Total Return Index as its primary benchmark.

The company does not anticipate that the investment adviser will make any new investments in other collective investment schemes, investment companies or investment trusts. Nevertheless, for the purposes of the company's obligations under the Listing Rules of the UK Listing Authority, no more than 10%, in aggregate, of the company's total assets may be invested in the securities of other listed closed-ended investment funds (including listed investment trusts) other than those which themselves have stated investment policies to invest no more than 15% of their total assets in other listed closed-ended investment funds.

Additionally, the company will itself not invest more than 15% of its total assets in other investment companies or investment trusts which are listed on the Official List.

The investment adviser is permitted to make use of derivative instruments (such as contracts for difference, futures and options linked to equities, indices and other securities) for investment purposes, which may include taking both long and short positions. The investment adviser may also make use of derivatives for the purposes of hedging and efficient portfolio management. The board has determined that the maximum exposure of the company to such derivative investments for investment purposes shall not be permitted to exceed 10% of the company's total assets, calculated on a marked-to-market basis at the time of investment, unless otherwise specifically agreed by the board.

Furthermore, the maximum exposure of the company to any one derivative investment shall not be permitted to exceed 2% of the company's total assets, calculated on a marked-to-market basis at the time of investment.

Benchmark index

FTSE All-Share Total Return Index

(Bloomberg Indication Code: ASXTR)

Strategic report

Chairman's statement

Dear shareholder

At 30 June 2020 the company had total assets under management of £31m., compared with £54m at the beginning of our financial year. The net asset value total return for our financial year to 30 June 2020 was -27.9 % compared with the total return on the company's benchmark, the FTSE All- Share Total Return Index, of -13.0%. This unacceptably poor performance was caused in part by the impact of Covid-19 in the third quarter of our financial year, when in the space of just 32 days between 19 February and 23 March the FTSE All-Share Total Return Index fell by -33.9%.

The market sell-off was however compounded by further instances of poor stock selection and risk management within the company's portfolio. These were the same shortcomings which had prompted the board in February to appoint Richard Buxton from Merian Global Investors as the new lead fund manager of the company. Unfortunately, by the time he was able to take effective control of the company's portfolio, the damage to the company's asset value had already been done.

In our Interim Statement released in March of this year I wrote that "we would keep our management arrangements under review over the coming months while the economic and market backdrop evolves and to remain cognisant of our reduced market capitalisation". While the stock market has recovered some of its losses incurred in February and March, the economic outlook remains uncertain. Our market capitalisation remains very low and is currently £28m. I wrote in our interim statement that such a size fell well below the minimum size generally considered investable by wealth managers and other prospective investors.

Having discussed this issue with our advisers, Numis, the directors announced on 28 September that we had come to the conclusion that in the wake of these further losses we are no longer likely to be able to grow the company in its present form by attracting significant new investors in the foreseeable future. We have advised Jupiter of this opinion, which they have accepted. The board has therefore been considering what are now the best options for the future of the company and its shareholders.

We currently believe that the best option is to liquidate the company so that shareholders will have the option to receive cash or, if possible, the ability to roll over their investment into another investment vehicle; subsequently the accounts have been prepared on a basis other than a going concern.. Your board is discussing options with its advisers and establishing the interest of investment managers in offering rollover options. We would also welcome any suggestions that shareholders may have regarding the future of the company. Shareholders can submit suggestions by email to jukg.shareholder@jpmorgan.com.

The board would hope to be in a position to update shareholders not later than our Annual General Meeting in November. It is intended that a circular be issued to shareholders in due course outlining the full details of recommended proposals. The circular will also include a notice for a general meeting of the company, enabling resolutions to be proposed and voted on by shareholders.

Market background

After ratcheting steadily higher over the second half of 2019, the UK equity market fell very sharply over the first quarter of 2020 as the Covid-19 outbreak spread beyond China, being declared a full-scale global pandemic by the World Health Organisation on 23 March. The draconian measures implemented to control the spread of the virus raised fears that the global economy was facing a severe recession. By the end of March, UK economic activity had ground to a virtual standstill.

After losing around a quarter of their value over the first three months of 2020, UK equities started to rebound in the second quarter. The rally was driven by unprecedented levels of monetary and fiscal support from central banks and governments, which acted swiftly to support both companies and many self-employed. Nevertheless, at the time of writing the FTSE All-Share Total Return Index remains some 20% lower than it was at its peak in February.

Chairman's statement *(continued)*

Performance review

The performance of the company in our last financial year was very poor, with our share price and NAV (with dividends added back) falling by -30.6% and -27.9% respectively compared with a fall of -13.0% in the FTSE All-Share Total Return Index. While the performance in the first half was satisfactory, with our NAV rising by 7.8% against 5.5% for the index, the performance on our mainly domestically focused portfolio in the second half was badly hit as the impact of Covid-19 became more widely felt. During our third quarter to 31 March 2020 the NAV per share fell by -38.9% compared with a fall of 25.1% for the index. The performance in our last quarter, following the arrival of Richard Buxton as our fund manager, was satisfactory, moving largely in line with the index. That has continued into the current financial year. It was not enough however to make up for the earlier underperformance. More detailed information regarding the performance of our portfolio is set out in the investment adviser's review.

Management arrangements

On 18 February 2020 the board announced that it had reached an agreement with Jupiter for Richard Buxton to assume lead fund management responsibility for the company. This followed the announcement by the board on 4 October 2019 that the company had decided to review its investment strategy following a sustained period of poor performance. This was a comprehensive exercise which considered various alternatives, including the adoption of an alternative manager from within Jupiter, the appointment of another fund management company as investment manager and the liquidation of the company together with a rollover into another listed investment company.

The conclusion to appoint Richard Buxton followed the announcement by Jupiter on 17 February 2020 regarding its proposed acquisition of Merian. At the board's request plans were made to transition the portfolio so that it aligned with Merian's UK Alpha strategy, even though he had still formally to join Jupiter. For a variety of reasons, it was not possible to put this arrangement in place before early April, meaning that day to day management of the portfolio was with the Jupiter Transition Management Team (TMT) throughout the period of market disruption.

The proposed acquisition of Merian was approved by Jupiter's shareholders at its Annual General Meeting on 21 May 2020 and Richard formally became the lead fund manager of the company with effect from 26 May 2020, in place of the TMT who managed the company's investment portfolio in the interim period from 18 February to 25 May 2020. Merian's UK Alpha strategy utilises a high-conviction approach typically holding 30-40 stocks, combining fundamental research with a patient, long-term time horizon and has generated a strong long-term performance record consistent with the company's investment objective and policy.

Richard Buxton joined Merian as head of UK equities and manager of the Merian UK Alpha Fund in 2013. Richard was previously at Schroders, where he managed the Schroder UK Alpha Plus Fund and the Schroder UK Growth Fund plc, an investment trust. Prior to Schroders he spent more than a decade at Baring Asset Management, having commenced his investment career in 1985 at Brown Shipley Asset Management.

There was no change to the investment objective or policy as a result of the change of lead fund manager. The company's investment objective is to deliver capital appreciation from holding a portfolio of predominantly listed investments. While there are no specific individual stock, sector, geographical or market capitalisation limitations or weightings applicable, the manager invests principally in companies which are listed in and/or which undertake a significant proportion of their business in the United Kingdom.

As part of these new arrangements, the board agreed with Jupiter that the company would not be charged a base management fee for the period from 1 January 2020 to 31 December 2020. Based on the net asset value at 30 June 2020 this is an estimated saving of approximately £151,000 over the 12-month period of the agreement.

As described above the board has decided as a consequence of its diminished size and growth prospects to recommend liquidation of the company. I should emphasise that this decision is not a reflection on the management of the portfolio by Richard Buxton and his team.

Dividend

A resolution to declare a final dividend of 5.0p per share will be proposed at the annual general meeting ('AGM') in November 2020 and if approved by shareholders will be payable on 30 November 2020 to shareholders shown on the register of shareholders on 6 November 2020. The ex-dividend date is 5 November 2020. The dividend for the previous financial year was 8.5p per share.

While the board has in the past stated its ambition to maintain the dividend at the level paid in the preceding financial year, there has clearly been a radical and material change in the company's circumstances which the directors believe warrants a change in the dividend for the financial year to 30 June. The economic disruption caused by Covid-19 has led to a significant reduction in the expected investment income from a number of companies in our portfolio and if the proposal to liquidate the company is approved, this will be the final dividend that the company will pay.

Having discussed a number of alternatives for determining an appropriate level of dividend, the board judges that in the circumstances it is most sensible to base it broadly on the amount of investment income we have received, net of the company's attributable expenses. This amounts to £745,744 or 4.96p per share based on 15,021,896 shares as at 30 June 2020. After buybacks since year end, this amounts to £745,744 or 5.08p per share based on 14,675,854 shares as at 18 September 2020, which has been rounded down to arrive at the 5.0p per share dividend which the board is now recommending.

While we do have revenue reserves of £1.1m. which could have been used to cover a higher dividend payment, as some other trusts have done in response to the pandemic, the board's view is that in the light of the potential liquidation in a few months' time, the fairest outcome is to retain the revenue reserves in the company's balance sheet so that in due course they can be distributed to shareholders either as cash or as capital to be rolled over into another investment vehicle, in line with the choice that shareholders themselves decide.

Gearing

During the year the company had access to a flexible loan facility with Scotiabank Europe Plc for amounts up to £22 million, with a commitment of £12 million. While this facility was used to a modest extent in the earlier part of our financial year, it has not been used in recent months. This facility expired on 24 September 2020 and has not been renewed in light of the company's plans to liquidate.

Discount and premium management

The board's stated policy is to use share buybacks and new issues of shares to ensure that, in normal market conditions, the market price of its shares will closely track the net asset value per share. The commitment to active management of discount and premium is designed to produce improved liquidity for both buyers and sellers of the company's shares. During the 12 months to 30 June 2020, the company repurchased a total of 1,844,176 shares then 346,042 shares to 18 September 2020 bringing the total number of shares now held in Treasury to 15,045,824.

Annual General Meeting

It is intended that the company's AGM will be held at 12 noon on 19 November 2020 at the offices of Jupiter Asset Management Limited, The Zig Zag Building, 70 Victoria Street, London SW1E 6SQ. In consideration of the wellbeing of the company's shareholders and in light of Government guidance around social distancing, shareholders will not be permitted to attend the AGM this year. In order to comply with relevant legal requirements, the AGM will be convened with the minimum necessary quorum. Only the statutory and formal business required by law will be conducted at the AGM and there will be no presentations. In light of these restrictions, shareholders can submit any questions by email to Magnus.Spence@jupiteram.com. Subject

Chairman's Statement *(continued)*

to confidentiality, we will respond to any questions submitted either directly or by publishing our response on the company's website.

Please refer to the Notice of the AGM on page 81 for full details on how to vote and how to communicate any questions that would usually be raised at the meeting. Shareholders are strongly encouraged to nominate the 'Chairman of the meeting' as their proxy rather than any other person who will not be permitted to attend.

Please also note that we have removed paper from the voting process to reduce further the environmental impact of the company. Electronic proxy voting is now available and shareholders can also submit voting instructions using the web-based voting facility at www.signalshares.com or, for institutional shareholders, at www.proxymity.io. If you have not already registered with Signal Shares you will need your investor code, which can be found on your share certificate. Once registered you will be able to vote immediately by selecting 'proxy voting' from the menu.

If you require any assistance with electronic voting or wish to receive a hard copy proxy form, please contact the company's registrars, Link Asset Services whose contact information is on page 74. Notice of the AGM, containing full details of the business to be conducted at the meeting, is set out on page 81 of this report. Your attention is also drawn to the report of the directors on page 36 where various resolutions relating to special business are explained.

Outlook

While the swift action of governments and central banks to mitigate the economic damage of the pandemic may have avoided a liquidity crisis, the threat to the financial health of both business and individuals remains. An effective and widely available vaccine to Covid-19 remains some months away, despite promising results in a number of trials. Coupled with continuing international tensions, and uncertainty over whether the UK and EU can agree a mutually beneficial trade deal before the end of the year, the outlook for the economy and markets is more muted and unpredictable than usual.

The outlook for this company is sadly clear however. If approved by shareholders, the proposed liquidation of Jupiter UK Growth will bring the life of this company to an end after more than 48 years. The company has been struggling for a number of years to establish a relevant and sustainable future for itself in a changing and competitive market environment. The board's view until now has always been that, given a period of consistently superior performance and effective marketing of its investment approach, attracting new sources of demand to bring the company up to a viable size, while a tough challenge, was not an insuperable one.

In the event, despite our initial high hopes, the performance of the company since 2016 has not been nearly good enough to justify that faith, or to generate new demand for the shares, while recent events have cruelly conspired to prevent us testing the ability of our new fund manager to reverse that trend. It is a matter of great regret to the board that, despite our best efforts over many months, we are no longer able to justify continuing with the new arrangements and have instead to recommend the liquidation of the company.

Tom Bartlam
Chairman
13 October 2020

Financial highlights for the year ended 30 June 2020

Capital performance

	30 June 2020	30 June 2019	% change
Total assets less current liabilities (£'000)	30,455	49,402	**-38.4**

Ordinary share performance

	30 June 2020	30 June 2019	% change
Mid market price (pence)	184.5	278.0	**-33.6**
Mid market price (with dividends paid added back) (pence)	193.0	285.0	**-30.6**
Net asset value per share (pence)	202.7	292.9	**-30.8**
Net asset value per share (with dividends paid added back) (pence)	211.2	299.9	**-27.9**
FTSE All-Share Total Return Index (Bloomberg: ASXTR)	6,465.24	7,430.61	**-13.0**
Discount to net asset value (%)	(9.0)	(5.1)	
Ongoing charges ratio (%) excluding finance costs per note 6	1.16	1.15	**+0.9**

Revenue performance

	Year ended 30 June 2020	Year ended 30 June 2019	% change
Net revenue return after taxation (£'000)	746	1,572	**-52.5**
Revenue earnings per ordinary share (pence) per note 10	4.72	8.64	**-45.4**
Net dividend per ordinary share (pence)	8.50	7.00	**+21.4**
Net dividend yield per ordinary share (%)*	4.61	2.52	

** As a function of the closing middle market price of an ordinary share at the relevant financial year end.*

Dividends declared for the period under review

	Rate per share (net)	Announcement date	XD date	Payment date
Dividend for the year ended 30 June 2020	5.00p	13 October 2020	5 November 2020	30 November 2020

For definitions of the above terms please refer to the glossary of terms on page 79.

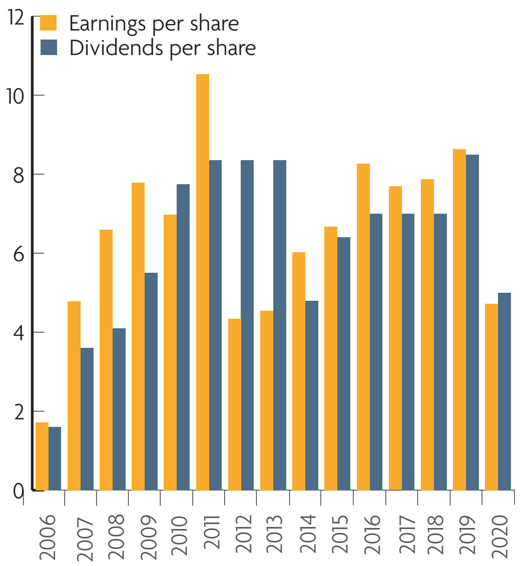
Fifteen year history to 30 June 2020

	Total assets less current liabilities £'000	Earnings per ordinary share p	Dividend per ordinary share* p	Net asset value per ordinary share* p	Total return (net asset value with dividends paid added back) per ordinary share %
2006	53,743	1.72	1.60	177.67	+26.6
2007	55,985	4.78	3.60	241.06	+35.4
2008	49,415	6.60	4.10	221.27	-7.3
2009	37,868	7.78	5.50	173.51	-19.3
2010	43,187	6.98	7.75	203.40	+21.0
2011	50,552	10.54	8.35	250.60	+27.5
2012	46,032	4.34	8.35	227.80	-5.8
2013 (restated)*	54,683	4.54	8.35	274.30	+24.1
2014	56,603	6.03	4.80	297.10	+11.1
2015	54,099	6.67	6.40	312.90	+7.5
2016	40,052	8.27	7.00	265.35	-13.2
2017	45,224	7.69	7.00	333.99	+26.7
2018	65,192**	7.87	7.00	340.51	+4.0
2019	49,402	8.64	8.50	292.91	-11.9
2020	30,455	4.72	5.00	202.74	-27.9

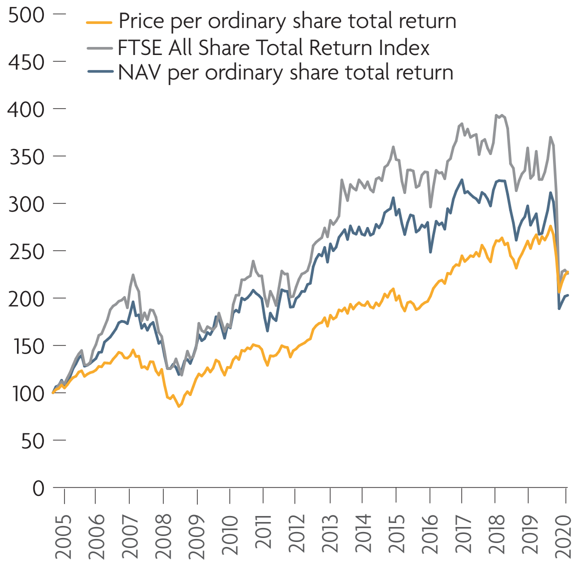
* *Adjusted for five for one stock split in 2013.*

** *Total assets increased pursuant to the rollover of Jupiter Dividend & Growth Trust PLC.*

Comparison of dividends and earnings per share



Comparison of NAV per share and benchmark index



Investment adviser's review

Market background

It has been an extraordinary 12 months for global equity markets, and of course one of significant change for the company, with the appointment of Richard Buxton as the new lead fund manager.

In the first half of the year, equity market performance globally had been encouraging as US-China tensions appeared to be abating with the agreement of a "phase one" trade deal while global central banks took action to reduce interest rates. The UK had been a relatively strong performer in this context, reflecting the Brexit deal agreed by Prime Minister Johnson in October and his subsequent re-election in December with an 80-seat majority. The latter event proved particularly supportive for more domestically-focused UK stocks, with the removal of uncertainty and the avoidance of a Jeremy Corbyn government driving a meaningful rally in the FTSE-250 Index and an increase in consumer confidence. Following the turn of the calendar year, to an extent, some of this enthusiasm for UK domestically-focused stocks diminished as the newly formed Conservative majority government began to set out a vision for the UK's future trading relationship with the EU that was more limited than that previously proposed by the UK government and which some in the market had expected.

However, by far the most material event in markets, the economy and society was the spread of the Covid-19 virus in early 2020. Global markets had remained relatively robust in January and early February despite the lockdown of the Chinese city of Wuhan in late January. However, with the emergence of the virus in Europe and the rapid spread of Covid-19-related deaths in Northern Italy, markets began to drop significantly in late February. At the trough in mid-March, the FTSE All Share Index was down 35.9% from the 2020 peak while the S&P 500 Index was down 33.9%. This represented one of the most rapidly forming bear markets in history as governments took unprecedented action to restrict the movements of their citizens in order to slow the spread of the virus. By early April, almost half of the world's population was under some kind of government restriction on their activity, with almost 1.5bn under strict lockdown conditions.

The rapid emergence of the pandemic and the economic effects of the lockdowns implemented brought forth an unprecedented fiscal and monetary response from global governments. The IMF estimated that $9trn of global fiscal stimulus has been announced since the onset of the Covid-19 crisis, while central bank base rates have tumbled with the US rate now at 0%-0.25% and the UK base rate at 0.1%. Reflecting this extraordinary support, markets rallied significantly with the S&P 500 Index up 38.57% by the end of June from the trough in March and the STOXX Europe 600 up 28.85%.

Globally, markets continue to struggle to balance the support provided by governments against the ongoing impacts of Covid-19, with a particular focus on the improvement in economic activity expected as governments tentatively unlock their societies and on the adverse developments in unemployment that may emerge as government income support schemes are curtailed. Sector performance continues to be substantially affected by divergent vulnerabilities to the virus, with those less affected (such as technology, healthcare and consumer staples) showing strong performance and those substantially affected (aerospace, leisure travel) continuing to struggle. Against this backdrop, the UK has been a relatively weaker performer with the FTSE All Share Index down 13% in the past year. In part, this reflected the market's sectoral focus on oil and gas, financials and energy and in part the ongoing Brexit process, where the two parties still struggle to reach agreement on a future trade relationship. Notably, it has been a particularly challenging environment for cash returns to shareholders, with UK company dividends down 57% in the second quarter of the calendar year 2020 relative to the same period in 2019, which has weakened the yield support for many UK company share prices.

Performance review

Overall it was a very challenging year for the portfolio with the company's share price falling by 33.6% and NAV by 30.6% (both with dividends paid added back), a substantial underperformance relative to the FTSE All Share Index which fell by 13% on a total return basis. Over the year, performance was very volatile with the company's shares up 11.7% in the first six months of the year, ahead of the FTSE All Share Index up 5.5%, and then substantially underperforming in March. Overall, prior to the transition of manager in early April, the company's shares were down 39.9% since the start of the year, relative to the FTSE All Share down 22.4%. Since the transition of manager until 30 June 2020, the company's shares have outperformed the index by 1.71%, increasing by 13.89% overall.

Performance prior to the manager transition

Prior to the transition in manager, the company had been positioned for a recovery in UK domestic valuations as political uncertainty diminished and confidence returned, and more generally for a positive turn in the global economy as US-China relations normalised and the benefit of reduced interest rates was felt. This positioning however proved to be highly problematic as Covid-19 took effect depressing the valuations and earnings of cyclically exposed companies and smaller companies globally.

Over the course of the year prior to April, the principal detractors from performance were those companies most exposed to the effects of Covid-19 such as those in the leisure, consumer aerospace and financial sectors. **Cineworld** was the worst performer in the portfolio during the period as to lockdowns resulted in the closure of all of its cinemas in the UK and US. Additional concerns about its high debt burden were exacerbated by the proposed acquisition of the Canadian chain Cineplex which drove the share price down 85% during the period. The company's exposure to the wider aerospace sector through aero and auto manufacturer **Melrose** and airline **IAG** were also significant detractors as airlines were either required to ground their fleets or did so in response to a collapse in customer volumes. The company has remained a shareholder in both of these businesses due to their strong market positions and positive progress in securing incremental liquidity.

Performance was also adversely affected by the company's holdings in **ITV**, **Taylor Wimpey** and **DFS**, all of which suffered from lockdown restrictions and from a broader significant reduction in consumer confidence. **ITV** was forced to cease production of new content at its studios, it lost the opportunity to broadcast sporting events such as this summer's cancelled European Football Championship and also suffered from a material reduction of advertising spending by other adversely-affected sectors. Both **Taylor Wimpey** and **DFS** were forced to close their manufacturing sites and sales facilities. As providers of products heavily reliant on consumer discretionary incomes, both suffered from market scepticism regarding their near-term prospects. The company has retained a holding in **Taylor Wimpey** reflecting its strong market position, rapid reopening, remarkably strong consumer demand and support from very low interest rates and government action on stamp duty.

The company's significant holdings in the UK domestic financial sector, which had performed strongly earlier in the year, were also substantial detractors to returns. Here, **Arrow Global**, a purchaser of defaulted consumer debt, was among the worst performers as pre-existing market concerns regarding leverage met with market scepticism regarding the quality of the assets in a broader macroeconomic downturn. The company's holdings in **Lloyds Banking Group**, **RBS** and **Virgin Money** also detracted as the regulator required banks to halt dividend payments while concerns rose about earnings and asset quality as interest rates fall and unemployment rises. The company has retained a holding **Lloyds Banking Group**, reflecting its strong market position and high quality management, and **Barclays**, where significant exposure to capital markets activity and the US market provide some offset to low interest rates and UK domestic difficulties.

Lastly, prior to the onset of the pandemic, the company's holding in **Sirius Minerals** had already adversely impacted performance. Sirius had been seeking to raise $500 million of high yield bond financing from the debt market to unlock a $2.5bn facility from JPMorgan that would have seen the

Investment adviser's review *(continued)*

project through to completion. The company announced however that it would not be able to proceed with this offering, which left it with insufficient financing to develop the project. The company was subject to a 5.5p per share offer from Anglo American in January, which was accepted.

Reflecting the wider market, positive contributions to returns were provided by the company's holdings in technology and growth stocks and overseas stocks, while underweights or void positions in significantly challenged sectors and businesses (oil and gas, HSBC) also provided relative support. The leading performer in the portfolio was **Avast**, the UK-listed consumer cybersecurity provider. The company was already enjoying a strong year prior to the pandemic as progress in winning new customers and rolling out new products helped to drive strong operational performance. It was also a significant beneficiary of the crisis as those working from home sought additional protection from cyber threats. Relative support was also provided by the company's holdings in **Yum China**, **Manchester United** and **Ferrari**, all listed overseas. These stocks benefitted from being substantially non-sterling earners during a period in which the pound fell against most global currencies. Having been the first country to be affected by Covid-19, China pursued a very restrictive but regionally-focused and relatively short-lived lockdown. This allowed the country to reopen with confidence earlier than others and consumer activity recovered strongly, of which **Yum China** was a beneficiary. Although play had not restarted by the beginning of April, **Manchester United's** significant commercial, sponsorship and broadcasting revenues were largely unaffected by Covid-19, with talks at the time ongoing to recommence the season later in the year. Lastly, **Ferrari's** strong forward order book coupled with its focus on ultra-high net worth customers saw the shares perform relatively strongly.

Performance post manager transition

Since the transition in manager, the company's net asset value has modestly outperformed the market. The company's blend of growth and value holdings has allowed it to benefit both from strong recovery among value stocks as government support flowed and societies began to unlock, while also benefiting from growth holdings which have continued to show strong operational momentum during the period and performed well during periods of risk-off sentiment.

The company's shareholding in **Drax** has been the largest positive contributor, supported by its ability to maintain its dividend (a rare feat in the prevailing market context) and confirmation of its EBITDA guidance. Another strong performer was **GVC** which, having performed very poorly on the Covid-19-related disruption, was able to bounce back following a trading update on 6 April which outlined solid revenues and measures to reduce costs and cash outflows and increase liquidity. The company's continued holding in **Barclays** has allowed it to benefit from a recovery in the share price on the back of very strong operational performance in its investment bank as Covid-19-related disruption in markets translated into very robust trading volumes.

Among more growth-oriented stocks, **Experian** continued to perform strongly as demand for its credit data and analytical products remained undiminished by Covid-19. In addition, the company was able to continue to pay dividends during the period. The company's holding in **Sage** also performed well, reflecting its significant base of subscription contracts and relatively modest Covid-19-related disruption.

The most significant detractor in the company's portfolio was travel retail specialist **SSP Group**. This business was very materially challenged by Covid-19 disruption as it exclusively operates at travel-related sites, particularly airports. In June the business provided an update to the market to the effect that trading during the lockdown period had been even worse than expected in March, but that progress on reducing rent, salary and working capital related outflows had been better than expected. This was accompanied by confirmation that the business had over £750m of available cash and liquidity. **SSP Group** has an attractive market position and brands, effective management and significant liquidity having already raised cash from shareholders, and we look forward to a strong recovery once Covid-19-related travel disruption diminishes.

Also significantly disrupted by Covid-19, **Whitbread** was a material detractor to performance. Alongside interim results in May the business announced a c.£1bn rights issue in which the company participated. Although the rights issue was partly defensive, to protect the group against significant outflows during lockdown due to its high fixed cost base, it was also explicitly designed to allow the business to be in a strong position once unlocking begins in earnest to take advantage of opportunities which may arise as other hotel competitors fall into difficulty or sites become available.

Current strategy and positioning

It is only fair to point out that the strategy to which the company is now aligned also underperformed during the February-March sell-off, albeit not to the same degree as the previous strategy. The UK Alpha strategy, while much more focused on large cap stocks, nevertheless was not exposed to more defensive sectors such as tobacco or consumer staples and did have some similar exposure to both financial stocks and travel-related companies.

The downturn induced by lockdowns is without precedent, but equally so has been the response of both central banks and governments. Provision of liquidity, ensuring access to credit, direct support to companies, employees and households – all are designed to preserve as much potential demand and supply as possible as economies emerge from lockdown.

We know these measures cannot possibly return us immediately to the status quo ante of 2019. Unemployment will rise and precautionary savings with it. The recovery from the suspension of economic activity will be a bumpy one. Capacity will be lost or curtailed to match weaker demand. But governments will use fiscal policy and spending on infrastructure to try to support activity. Moreover, our focus is on those companies which – whether cyclical or less so – can emerge from this in a stronger position to take market share.

We are encouraged by recent conversations with companies which suggest that despite much weaker revenues in the next couple of years, they still anticipate being able to regain previous levels of margin through cost-cutting, restructuring or renegotiating with suppliers. While fully expecting the recovery to be an uneven one, we are confident there is money to be made from backing long-term winners through shorter-term headwinds.

Accordingly, the portfolio remains positioned to benefit from improving economic conditions and is not defensively orientated. While the stability of revenues at tobacco and consumer staples companies is attractive in tough times, valuations reflect this – and they are not without their own challenges. We maintain exposure to selective growth stocks such as **Experian**, **Fidelity National Information Service**s and growth / turnaround company **Sage**, with a preference for pharmaceutical and healthcare stocks over consumer staples.

Our industrial exposure is through mining stocks, engineer **Weir**, packaging company **DS Smith**, materials group **CRH** and turnaround specialist **Melrose**, who are currently working on improving returns from their acquisition of GKN.

Consumer exposure (excluding travel) is selective: retailers **Tesco**, **Next** and **Pets at Home**, alongside gaming company **GVC**. Proven management or situations turned around where there is scope for the strong to get stronger in a tough environment. Two of our travel stocks – **SSP Group** and **Whitbread** – have strengthened their balance sheets in order to do likewise: emerge in a stronger competitive position against weaker competitors.

Financials holdings are focused on **Barclays** and **Lloyds Banking**, both trading at significant discounts to book value, together with savings-orientated stocks **Prudential** and **St James's Place**.

Richard Buxton
Jupiter Asset Management Limited
Investment adviser
13 October 2020

Investment adviser's review *(continued)*

Top 10 contributors to gain on investments at fair value for the year ended 30 June 2020

Portfolio Holding	£'000
GVC Holdings	422
Drax Group	281
St James's Place	251
Rio Tinto	239
Astrazeneca	232
Sage Group	204
Glencore	194
Avast	183
Fideility National Information Services	181
The Weir Group	177

Top 10 contributors to loss on investments at fair value for the year ended 30 June 2020

Portfolio Holding	£'000
WH Smith	(764)
ITV	(773)
International Consolidated Airlines	(777)
Virgin Money UK	(784)
NatWest Group	(864)
Legal & General Group	(873)
DFS Furniture	(919)
Lloyds Banking Group	(977)
Cineworld Group	(1,546)
Sirius Minerals	(1,748)

Richard Buxton

Head of Strategy, UK Alpha

Richard joined Jupiter in July 2020 and is currently Head of Strategy, UK Alpha in the UK All Cap team. Before joining Jupiter, Richard was Head of UK Equities at Merian Global Investors, where he was also CEO from 2015 to 2019. Prior to this, he was a fund manager at Schroders Investment Management before which he spent more than a decade at Baring Asset Management. Richard began his investment career at Brown Shipley Asset Management in 1985. He was awarded the Outstanding Contribution to the Industry honour at the Morningstar OBSR Awards in 2012. Richard has a degree in English Language and Literature.

Ed Meier

Fund Manager

Ed joined Jupiter in July 2020 and is currently a fund manager in the UK All Cap team. Before joining Jupiter, Ed worked at Merian Global Investors as a UK equity income portfolio manager. Prior to this, he worked at Schroders Investment Management, first as an equity analyst and then as a fund manager. Before this, he was a fund manager at BAE Systems Pension Fund. He began his investment career at Fletcher Advisory as a technology/strategic consultant in 2000. Ed has an MA in Classics and is a CFA® charterholder.

Errol Francis

Fund Manager

Errol joined Jupiter in July 2020 and is currently a fund manager in the UK All Cap team. Before joining Jupiter, Errol worked at Merian Global Investors as a UK equity fund manager. Prior to this, he was a fund manager at Schroders Investment Management. Before this, he worked at Credit Suisse Asset Management. He began his investment career in 1988 at Baring Asset Management as an analyst, and subsequently as a UK equity fund manager. Errol qualified as an Associate of the Institute of Investment Management and Research, now known as the CFA Institute.

Investment portfolio

As at 30 June 2020

Company	Market value £'000	30 June 2020 Percentage of Portfolio
AstraZeneca	1,543	5.1
GlaxoSmithKline	1,503	5.0
Fidelity National Information Services	1,425	4.7
Rio Tinto	1,404	4.6
Experian	1,372	4.5
GVC Holdings	1,309	4.3
Barclays	1,247	4.1
Sage Group	1,244	4.1
Pets at Home Group	1,167	3.9
Tesco	1,149	3.8
Lloyds Banking Group	1,128	3.7
St James's Place	1,100	3.6
BP	1,071	3.5
Whitbread	1,065	3.5
Prudential	993	3.3
Smith & Nephew	937	3.1
DS Smith	925	3.1
Drax Group	925	3.1
Royal Dutch Shell 'B'	797	2.6
Weir Group	789	2.6
Glencore	764	2.5
Tate & Lyle	726	2.4
Next	718	2.4
SSP Group	686	2.3
Burberry Group	667	2.2
CRH	655	2.2
Vodafone	652	2.2
Taylor Wimpey	642	2.1
Melrose Industries	603	2.0
Micro Focus International	484	1.6
International Consolidated Airlines Group	383	1.3
Ludgate 181 (Jersey)*	189	0.6
Total Investments	30,262	100.0

** Unquoted.*

Cross holdings in other UK listed investment companies

As at 30 June 2020, none of the company's total assets were invested in other listed closed-ended investment funds. It is the company's stated policy that no more than 10%, in aggregate, of the company's total assets may be invested in the securities of other listed closed-ended investment funds (including listed investment trusts) other than those which themselves have stated investment policies to invest no more than 15% of their total assets in other listed closed-ended investment funds. The company does not anticipate that the investment adviser will make any new investments in other collective investment schemes, investment companies or investment trusts.

Narrative on largest holdings

The manager prefers pharmaceutical companies to consumer staple companies, feeling that valuations of the latter are quite high relative to fairly low levels of profit growth, albeit accepting their defensive characteristics. **Astrazeneca** (5.3%) has navigated its way through a period of drug patent expiries with a rich new product pipeline emerging to drive profits growth over the coming years. New and highly respected management at **Glaxosmithkline** (4.8%) have also worked hard to reinvigorate their new product pipeline, and having bulked up their consumer products division through acquisition are on track to split the company into two separate businesses within the next two years.

Banks have spent twelve years since the financial crisis building up their capital bases to new regulatory standards and paying billions of pounds addressing legacy conduct issues and PPI mis-selling claims. Near-zero interest rates and flat yield curves are a headwind to profitability, whilst clearly the Covid-induced economic downturn is going to see a significant pick-up in bad debts. Nevertheless, this is more than recognised in valuations which price **Barclays** (4.2%) and **Lloyds** (3.6%) at substantial discounts to book value. Even accepting the tough operating environment which makes it difficult to generate high returns on equity today, there is value here. On any multi-year view, if the size of the policy response to the pandemic were to change investors' views on the prospects for inflation, these shares would be likely to perform well.

At present, investors continue to prefer 'growth stocks' to 'value', whilst the trust has blended exposure to both styles. Credit data provider **Experian** (4.5%) has built a business spanning the UK, USA and key parts of South America serving a range of different industries from healthcare to banks, car distributors to consumers. It offers revenue growth for years to come and has high barriers to entry – unsurprisingly, therefore, its valuation is rich, but justifiably so.

Fidelity National Information Services (4.9%) is a US-listed company, which acquired UK-listed payments processor Worldpay in 2019 for a modest premium. We believe the synergy benefits from the combined business justify maintaining an exposure to the stock, although the manager would not normally look to acquire non-UK companies. Provider of software services to small and medium size businesses **Sage** (4.3%) has been transforming its business to a cloud-based model in the UK, US and Europe. Peers with high subscription-based recurring revenues trade at high valuations, suggesting that if the company can complete its transition successfully, there is material further upside.

Amongst consumer-facing businesses, **GVC** (4.4%) is a gaming company, both online and in retail shops, operating multiple brands such as Ladbrokes and Coral across many different countries. Its area of greatest potential lies in the US where, as online gaming is legalised state by state, it has a joint venture operation with casino and hotel operator MGM Resorts, which uses GVC's technology. If this joint venture captures a reasonable market share, it could become a material profit stream for GVC.

Pets at Home (3.7%) is a UK retailer of pets, pet food and accessories, with a significant veterinary business mainly co-located in its stores. Sales are both online and in store, where the synergy with vet visits alongside grooming salons reinforces customer loyalty to the brand. Whilst not entirely economically insensitive, spending on pets is pretty consistent even in a recession.

Whitbread (3.6%) has long since ceased to have anything to do with brewing, but owns the UK's leading budget hotel chain Premier Inn. Budget hotels continue to win market share across both business and leisure markets, and Premier Inn wins share from independent hotels. There is still scope to grow room numbers and create further distance between them and their nearest competitor Travelodge, by attracting landlords disillusioned with the latter's ceasing to pay rent during lockdown. They are also rolling out Premier Inn in Germany, a huge market for budget hotels.

Narrative on largest holdings *(continued)*

Food retail is intensely competitive, but over the last six years new management at **Tesco** (3.5%) have put the business back on a sound footing after previous over-expansion internationally, selling almost all its non-UK business and repairing its balance sheet. Lower prices and working with fewer suppliers have changed customer perceptions and slowed the expansion plans of the German discount chains. Whilst unlikely to be a high growth business, it is likely that in future strong cash-flows will be directed back to shareholders not into ill-advised expansion.

Mining giant **Rio Tinto** (4.9%) is primarily focused on iron ore, so its fortunes are inexorably tied to those of China and Chinese steel production. Having over-paid for acquisitions at the height of the mining boom of the 1990s, the company had to raise equity and cut the dividend to repair its balance sheet, it is now a model of prudence, eschewing volume for value, keeping a strong balance sheet and directing its prodigious cash-flow back to shareholders.

St James's Place (3.7%) is one of the UK's leading wealth managers, with a strong track record of growth in customer numbers and funds under management. The demise of the defined benefit pension scheme underpins the long-term growth in the market for financial advice and savings products, whilst their outsourced investment management model does help protect against pressure on fees, underpinning growth in their dividend stream.

Whilst Royal Dutch Shell has to some extent always been open to the challenge of managing the energy transition, **BP** (3.5%) had appeared less willing to embrace the challenge until it appointed a new CEO from within earlier this year. He has radically changed that standpoint and is reorganising the business precisely in order to be able to do so. BP has historically always been an early adopter of new technologies to reduce costs and improve productivity so we await with interest more detailed exposition of their future plans to address the carbon challenge, flagged to be revealed this autumn.

Classification of investments

As at 30 June 2020

2019 %	2020 %	Equities	UK %	Other %
5.4	**7.1**	**Basic Materials**		
5.4	–	Chemicals	–	–
–	7.1	Mining	4.6	2.5
12.5	**19.1**	**Industrials**		
–	2.6	Industrial engineering	2.6	–
9.4	9.2	Support services	–	9.2
3.1	4.2	Construction and materials	2.0	2.2
–	3.1	General industrials	3.1	–
12.1	**6.7**	**Consumer Goods**		
–	2.4	Food Producers	2.4	–
2.6	2.1	Household goods and home construction	2.1	–
–	2.2	Personal goods	2.2	–
4.8	–	Automobile and parts	–	–
4.7	–	Beverages	–	–
6.4	**13.2**	**Health Care**		
5.8	10.1	Pharmaceuticals and biotechnology	10.1	–
0.6	3.1	Health care equipment and services	3.1	–
37.9	**21.5**	**Consumer Services**		
21.6	11.4	Travel and leisure	5.8	5.6
–	3.8	Food and drug retailers	3.8	–
12.7	6.3	General retailers	6.3	–
3.6	–	Media	–	–
4.2	**2.2**	**Telecommunications**		
–	2.2	Mobile telecommunications	2.2	–
4.2	–	Fixed line telecommunications	–	–
1.0	**5.7**	**Information technology**		
1.0	5.7	Software and computer services	5.7	–
–	**6.1**	**Oil & Gas**		
–	6.1	Oil and gas producers	6.1	–
–	**3.1**	**Utilities**		
–	3.1	Electricity	3.1	–
79.5	**84.7**	**Total Non-Financials**	**65.2**	**19.5**
20.5	**15.3**	**Financials**		
10.0	7.8	Banks	7.8	–
6.7	6.9	Life insurance	6.9	–
0.4	0.6	Non-equity investment instruments	0.6	–
3.0	–	Financial services	–	–
0.4	–	Real estate investment and services	–	–
	100.0	**2020 Totals**	**80.5**	**19.5**
100.0		**2019 Totals**	**77.4**	**22.6**

Report of the directors & governance

Directors

The directors of the company who were in office during the year and up to the date of signing of the accounts were:

Tom H Bartlam
Chairman of the board, nomination and management engagement committee

was appointed a director of the company on 5 July 2013 and became chairman on 20 November 2013. Mr Bartlam was managing director of Intermediate Capital Group plc, which he co-founded, from 1989 until his retirement in 2005. He served as chairman of Polar Capital Holdings plc until July 2020.

Keith Bray

was appointed a director of the company in 2018. Mr Bray is a Chartered Public Finance Accountant and management consultant. He was director of financial services at the City and County of Cardiff and prior to that was director of financial services at the South Glamorgan County Council.

Jonathan G D Davis
Senior independent director

was appointed a director of the company in 2011 and was nominated as senior independent director in 2020. Mr Davis has been analysing investment markets for more than 35 years, initially as a journalist with The Times, The Economist and The Independent and more recently as an author, columnist and investment professional. He is the author of 'Money Makers', 'Investing with Anthony Bolton', and 'Templeton's Way With Money' and editor of 'The Investment Trust Handbook'. Mr Davis is also a senior adviser to Saunderson House. He is a Member of the Chartered Institute for Securities and Investment.

Graham M Fuller
Chairman of the audit committee

was appointed a director of the company in 2013. Mr Fuller was a founding partner of PSigma Asset Management, from which he retired in 2011. He spent eleven years leading the balanced segregated pension fund team at Newton Investment Management. Prior to that, he worked as a fund manager at Credit Suisse and de Zoete and Bevan. He is a Fellow of the Institute of Chartered Accountants and a Fellow of the CFA Society of the UK.

Lorna M Tilbian
Chairman of the remuneration committee

was appointed a director of the company in 2001. Ms Tilbian was formerly an executive director of Numis Corporation PLC, WestLB Panmure Limited and SG Warburg Securities and was formerly a non-executive director of M&C Saatchi PLC. She is currently a non-executive director of ProVen VCT PLC, Finsbury Growth & Income Trust PLC, Euromoney Institutional Investor PLC and Rightmove PLC.

All directors are members of the audit, nomination, management engagement and remuneration committees.

Strategic review

The strategic review seeks to provide shareholders with the relevant information to enable them to assess the performance of the directors of the company during the period under review. This report has been prepared in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Business, status and future developments

The company was incorporated in England & Wales and launched on 1 January 1972. During the year it carried on business as an investment trust with its principal activity being portfolio investment. There has been no significant change in the activities of the company during the year to 30 June 2020.

The company is a public limited company domiciled in the United Kingdom and is an investment company within the meaning of section 833 of the Companies Act 2006. The company has been approved by HM Revenue & Customs ('HMRC') as an investment trust, subject to the company continuing to meet the eligibility conditions of sections 1158 and 1159 of the Corporation Tax Act 2010 and the ongoing requirements for approved companies, as detailed in Chapter 3 of Part 2 of the Investment Trust (Approved Company) (Tax) Regulations 2011.

The company is not a close company within the meaning of the provisions of the Corporation Tax Act 2010. In the opinion of the directors, the company continues to conduct its affairs in the appropriate manner to retain its status as an investment trust.

As noted in the Chairman's statement on page 5, in the wake of further losses incurred and the reduced market capitalisation of the company, the board has come to the conclusion that they are no longer likely to be able to grow the company in its present form by attracting significant new investors in the forseeable future. Following the announcement on 28 September 2020, the board has therefore been considering the best options for the future of the company and its shareholders and currently believe that the best option is to liquidate the company so that shareholders will have the option to receive cash or, if possible, the ability to roll over their investment into another investment vehicle.

Investment objective and strategy

There has been no change to the company's investment objective, that being to concentrate on capital appreciation from holding a portfolio of predominantly listed investments. While there are no specific individual stock, sector, geographical or market capitalisation limitations or weightings applicable, the manager will invest principally in companies which are listed in and/or which undertake a significant proportion of their business in the United Kingdom.

Further information on the company's investment objective, approach and policy are provided on pages 3 and 4. Details of changes to management arrangements during the year are provided in the Chairman's statement and on page 5.

Dividend policy

While the board has in the past stated its ambition to maintain the dividend at the level paid in the preceding financial year, there has clearly been a radical and material change in the company's circumstances which the directors believe warrants a change in the dividend for the financial year to 30 June 2020. The economic disruption caused by Covid-19 has led to a significant reduction in the expected investment income from a number of companies in our portfolio and if the proposal to liquidate the company is approved, this year's dividend will be the final dividend that the company will pay.

Having discussed a number of alternatives for determining an appropriate level of dividend, the board judges that in the circumstances it is most sensible to base it broadly on the amount of investment income received, net of the company's attributable expenses. The board is recommending payment of a final dividend of 5.0p per share to shareholders for approval at this year's AGM. The net revenue received after tax during the year was £745,744, equivalent to 5.08p per share as at 18 September 2020. The dividend payment is therefore 100% covered by net revenue for the financial year.

While the company does have revenue reserves of £1.1m which could have been used to cover a higher dividend payment, as some other investment trusts

Strategic review *(continued)*

have done in response to the pandemic, the board's view is that in the light of the potential liquidation in a few months' time, the fairest outcome is to retain the revenue reserves in the company's balance sheet so that in due course they can be distributed to shareholders either as cash or as capital to be rolled over into another investment vehicle.

Loan facility and gearing

In order to improve the potential for capital returns to shareholders, the company had access to a flexible loan facility with Scotiabank Europe Plc for amounts up to £22 million, with a commitment of £12 million. The finance costs shown in the statement of comprehensive income are in respect of the costs incurred for non-utilisation of the facility, up to the commitment amount, during the year to the end of the loan term.

The facility expired on 24 September 2020 and has not been renewed.

Short positions

The company has the flexibility to take short positions (using contracts for difference) in respect of a small number of larger capital securities. The directors have set limits to the overall exposures (as set out in the company's stated investment policy on page 4) and performance is monitored on a regular basis. During the year to 30 June 2020 no short positions were initiated or outstanding.

Performance review

At their quarterly board meetings the directors consider a number of performance indicators in order for them to assess the company's progress towards its objectives. The key performance indicators used to measure the performance of the company over time include:

- Net asset value ('NAV') changes over time;
- Ordinary share price movement;
- The performance of the ordinary share price and NAV relative to the benchmark;
- Changes in the discount to NAV over varying periods;
- Performance versus the company's peer group; and
- The dividend yield and level of revenue cover.

A history of the net asset values, the price of the ordinary shares and the benchmark index are shown on the monthly factsheets which can be viewed on the investment adviser's website www.jupiteram.com/JUKG and which are available on request from the company secretary.

Discount to net asset value

The board's stated policy is to use share buybacks and new issues of shares to ensure that, in normal market conditions, the market price of its shares will closely track the net asset value per share. The commitment to active management of discount and premium is designed to produce improved liquidity for both buyers and sellers of the company's shares. During the 12 months to 30 June 2020, the company repurchased a total of 1,844,176 shares for holding in treasury during the year under review at an average discount of 4.52%.

Benchmark index

The company's investment portfolio is not constructed in order to track the performance of a benchmark and will typically differ significantly in composition from the most commonly used UK market indices. When reporting and reviewing performance the board uses the FTSE All-Share Total Return Index as its primary benchmark.

Management

The company has no employees and most of its day to day responsibilities are delegated to Jupiter Asset Management Limited ('JAM'), who act as the company's investment adviser and company secretary. Further details of the company's arrangement with JAM and the Alternative Investment Fund Manager ('AIFM'), Jupiter Unit Trust Managers Limited ('JUTM'), can be found in note 22 to the accounts. JAM and JUTM are part of the Jupiter Group which comprises Jupiter Fund Management PLC and all of its subsidiaries ('Jupiter').

J.P. Morgan Europe Limited ('JPMEL') acts as the company's depositary. The company has also entered into an outsourcing arrangement with J.P. Morgan Chase Bank N.A. ('JPMCB') for the provision of accounting and administration services.

Although JAM is named as the company secretary, JPMEL provides administrative support to the company secretary as part of its formal mandate to provide broader fund administration services to the company.

Principal risks

The principal and emerging risk factors relating to the company and its business can be divided into the following areas:

Investment policy and process

Inappropriate investment policies and processes may result in underperformance against the prescribed benchmark index and the company's peer group. The board manages these risks by ensuring a diversification of investments and regularly reviewing the portfolio asset allocation and investment process. In addition, certain investment restrictions have been set and these are monitored as appropriate.

Investment strategy and share price movement

The company is exposed to the effect of variations in the price of its investments. A fall in the value of its portfolio will have an adverse effect on shareholders' funds. It is not the aim of the board to eliminate entirely the risk of capital loss, rather it is its aim to seek capital growth. The board reviews the company's investment strategy and the risk of adverse share price movements at its quarterly board meetings taking into account the economic climate, market conditions and other factors that may have an effect on the sectors in which the company invests. There can be no assurances that depreciation in the value of the company's investments will not occur, but the board seeks to reduce that risk.

Credit and counterparty risk

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the company suffering a loss. Further details of the management of this risk can be found in note 14 on page 66.

Loss of key personnel

The day to day management of the company has been delegated to the investment adviser. Loss of the investment adviser's key staff members could affect investment return. The board is aware that the investment adviser recognises the importance of its employees to the success of its business. Its remuneration policy is designed to be market competitive in order to motivate and retain staff and succession planning is regularly reviewed. The board also believes that suitable alternative experienced personnel could be employed to manage the company's portfolio in the event of an emergency.

Operational risk

Failure of the core accounting systems, or a disastrous disruption to the investment adviser's business or that of the administration provider, could lead to an inability to provide accurate reporting and monitoring. The board regularly reviews the investment adviser's and the administrator's statements on their business continuity planning.

Financial

Inadequate financial controls could result in misappropriation of assets, loss of income and debtor receipts and inaccurate reporting of net asset value per share. The board annually reviews the investment adviser's report on its internal controls and procedures.

Details of how the board monitors the operational services and financial controls of Jupiter and J.P. Morgan are included within the internal control section of the report of the directors on page 34.

Emerging risks and uncertainties

Covid-19

The outbreak of the Covid-19 pandemic poses additional risks to the company beyond the risks described under market risks above. They include

Strategic review *(continued)*

liquidity risks to markets, risks associated with the maintenance of the current dividend policy and business continuity risks for the investment adviser. Each of these risks is being assessed on a day to day basis by the investment adviser.

Regulatory risk

The company operates in a complex regulatory environment and faces a number of regulatory risks. A breach of section 1158 of the Corporation Tax Act 2010 could result in the company being subject to capital gains tax on portfolio movements. Breaches of other regulations such as the UKLA Listing Rules could lead to a number of detrimental outcomes and reputational damage. Breaches of controls by service providers such as the investment adviser could also lead to reputational damage or loss. The board monitors regulatory risks at its quarterly board meetings and relies on the services of its company secretary, investment adviser and its professional advisers to ensure compliance with, amongst other regulations, the Companies Act 2006, the UKLA Listing Rules, the FCA's Disclosure and Transparency Rules and the Alternative Investment Fund Managers Directive. The investment adviser is contractually obliged to ensure that its conduct of business conforms to applicable laws and regulations.

Interest rates

The company has exposure to cash which generates interest through interest bearing accounts. The board is mindful of interest rates when reviewing the company's exposure to cash.

Discount to net asset value

A discount in the price at which the company's shares trade to net asset value would mean that shareholders would be unable to realise the true underlying value of their investment. The directors have powers granted to them at the last AGM to purchase ordinary shares as a method of controlling the discount to net asset value and enhancing shareholder value. Further details on discount control can be found on page 24.

Gearing risk

The company's gearing can impact the company's performance by accelerating the decline in value of the company's total assets at a time when the company's portfolio is declining. Conversely gearing can have the effect of accelerating the increase in the value of the company's total assets at a time when the company's portfolio is rising. At its quarterly meetings the board is mindful of the outlook for equity markets when reviewing the company's gearing. Further details of the use of the loan facility can be found in note 13 to the accounts on page 65.

Economic risk

The board reviews the company's investment strategy on a regular basis, taking into account the economic climate and impact of share price fluctuations in UK equities.

Enterprise risk is reviewed twice a year, taking into its remit emerging risks as they become immediate, whist still maintaining a long-term perspective where they are evolving at a fast rate. Monitoring the Brexit process and its implications for the company remains a priority for the directors and our investment adviser bearing in mind that the company seeks to invest principally in companies which are listed in and/or undertake a significant proportion of their business in the UK.

Employees, environmental, social and human rights issues

The company has no employees as the board has delegated the day to day management and administration functions to JUTM, JAM and other third-party suppliers. There are therefore no disclosures to be made in respect of employees.

The board has noted the investment adviser's policy on environmental, social and human rights issues as detailed below:

The investment adviser considers various factors when evaluating potential investments. While an investee company's policy towards environmental and social responsibility, including with regard to human rights, is considered as part of the overall *assessment of risk and suitability for the portfolio, the investment adviser does not necessarily decide to, or not to, make an investment on environmental and social grounds alone.*

Integration of environmental, social and governance ('ESG') considerations into the investment adviser's investment process

JAM has a 30 year record of integrating ESG factors into the investment process. Its Governance and Sustainability team leverages its relationships with partner organisations such as the UN Principles for Responsible Investment (UN PRI), the Investor Forum and Institutional Investors Group on Climate Change (IIGCC) and regularly engages with these and other industry bodies to ensure it remains at the forefront of ESG integration. Where relevant, lessons learned are disseminated across JAM's wider investment team via its Stewardship Committee.

The investment adviser fully endorses the principles of the UN Global Compact and would expect investee companies to meet its criteria, although accepts that engagement with companies may demonstrate that past failings are being addressed. There are companies within our investment universe in which we would never invest as they are unlikely to meet our responsible investment criteria. Companies may be listed in London but operate in geographies where we are uncomfortable about assurances regarding working practices, ethical behaviour or levels of disclosure. Unmanageable conflicts of interest between owner-managers and minority shareholders would be another example. For other companies, we may factor in a higher cost of capital or lower valuation to reflect financial or reputational risks arising from our responsible business analysis. This may also be reflected in lower position sizes in holdings.

Modern slavery

The Modern Slavery Act 2015 requires certain companies to prepare a slavery and human trafficking statement. As the company has no employees and does not supply goods and services, it is not required to make such a statement.

Global greenhouse gas emissions

The company has no greenhouse gas emissions to report from its operations as the day to day management and administration functions have been outsourced to third-parties and it neither owns physical assets, property nor has employees of its own. It therefore does not have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report on Directors' Reports) Regulations 2013.

Viability statement

In accordance with Provision 36 of the Code of Corporate Governance as issued by the Association of Investment Companies in February 2019 (the 'AIC Code'), the board has considered the longer term prospects for the company.

In assessing the viability of the company the board has considered the reduced market capitalisation of the company and the size threshold below which the company would be considered uneconomic or unviable; the company's performance and its attractiveness to investors in the current environment. The board has concluded that it is unlikely to be able to grow the company in its present form by attracting significant new investors in the forseeable future. The board currently believe that the best option is to liquidate the company so that shareholders will have the option to receive cash or, if possible, the ability to roll over their investment into another investment vehicle. Consequently, the period assessed for the purpose of this statement is to the proposed liquidation date.

As part of its assessment of the viability of the company, the board has considered the liquidity of the company's portfolio to ensure that it will be able to meet its liabilities as they fall due. The board notes that as part of the new arrangements agreed with Jupiter during the financial year, the company will not be charged a base management fee for the period 1 January 2020 to 31 December 2020 and no significant increase to ongoing charges or operational expenses is expected. The board also notes that the level of gearing in the company is nil and the loan facility held by the company to September 2020 has not been

Strategic review *(continued)*

renewed. The board has considered the principal and emerging risks and uncertainties which may affect the company as detailed on page 25 including a review of the operational resiliency of the company's key service providers in response to Covid-19.

Having considered these factors, the board has concluded that there is a reasonable expectation that the company will be able to continue in operation to the proposed liquidation date and meet its liabilities as they fall due over the next year.

Section 172 statement

Under section 172 of the Companies Act 2006, the directors have a duty to act in good faith and to promote the success of the company for the benefit of its shareholders as a whole. This includes taking into consideration the likely consequences of their decisions in the long term and on the company's stakeholders such as its shareholders, employees and suppliers, while acting fairly between shareholders. The directors must also consider the impact of the company's decisions on the environment, the community and its reputation for maintaining high standards of business conduct.

The company's service providers facilitate the directors' ability to discharge this duty by, amongst other things, providing them with relevant information and training on their duties. The company also ensures that information pertaining to its stakeholders is provided, as required, to the directors as part of the information presented in regular board meetings in order that stakeholder considerations can be factored into the board's decision making. The directors' responsibilities are also set out in the schedule of matters reserved for the board and the terms of reference of its committees, both of which are reviewed regularly by the board. At all times the directors can access as a board, or individually, advice from its professional advisers including the company secretary and independent external advisers.

The company's investment objective, to achieve capital growth over the long term, supports the directors' statutory obligations to consider the long term consequences of the company's decisions.

The company does not have employees but the board is fully aware of its responsibilities in overseeing the investment manager with respect to the stewardship of the underlying assets which underpins commitment to wider stakeholders.

The company's biggest environmental impact is not through operations but its investments. The investment manager is delegated to consider material environmental issues and the board will examine these issues as part of its wider oversight duties.

Engagement with suppliers, customers and others and the effect on principal decisions

The Shareholders – The shareholders of the company are both institutional and retail and details of those with substantial shareholdings are detailed on page 32. The board is committed to listening to the views of its shareholders and giving useful and timely information by providing open and accessible channels of communication including those listed below.

The AGM – The company encourages participation from shareholders at its AGMs where they can communicate directly with the directors and investment adviser. In view of the alternative arrangements for the AGM this year as a result of Covid-19, shareholders are invited to submit any questions in advance of the AGM to Magnus.Spence@jupiteram.com. Subject to confidentiality, we will respond to any questions submitted either direct or by publishing our response on the company's website. All views of the shareholders will be taken into consideration and action taken where appropriate.

Online information – The company website contains the annual and half yearly financial report along with monthly factsheets and commentaries from the investment adviser. The daily NAV per share, monthly top ten portfolio listings, dividend announcements and various regulatory announcements can be found on the regulatory news service of the London Stock Exchange.

Shareholder communications

Shareholders can raise issues or concerns at any time by writing to the Chairman at the registered office. Further details about how the board incorporates the views of the company's shareholders in its decision making process can be found in the UK stewardship code and the exercise of voting powers section on page 34. Further information about how the board ensures that each director develops an understanding of the views of the company's shareholders and can be found in corporate governance statement on page 38 of this report.

The investment adviser

The board and the investment adviser maintain an open and constructive relationship, with meetings taking place a minimum of four times per annum with monthly updates and additional meetings as circumstances require. During the year, additional meetings were held with the investment adviser to discuss transitional management arrangements prior to Richard Buxton assuming lead fund management responsibility for the portfolio and to discuss the portfolio with Mr Buxton on his appointment. The audit committee meets at least twice a year and as part of its role considers the internal controls put in place by the investment adviser. The 'Management of the company' section on page 33 in this report details the board's consideration of the investment adviser's performance, its terms of appointment and their annual assessment of its continued stewardship of the portfolio and its oversight of the administrative functions.

The day to day responsibilities of the company are delegated to the investment adviser who is the key service provider and supplies investment management, administration and company secretarial services. The investment adviser oversees the activities of the company's other third-party suppliers on behalf of the company and maintains open and collaborative relationships to maintain quality, efficiency and cost control through regular communication with dedicated members of the investment adviser's operational teams. The board regularly reviews reports from its investment adviser, the AIFM, the depositary, the company broker, the investor relations research provider and the auditor. These provide vital information concerning changes in market practice or regulation which affect the company and assist the board in its decision-making process. Representatives from these providers attend company board meetings and give presentations on a regular basis enabling in depth discussions concerning both their findings and their performance.

Other third-party service providers

As an externally managed investment company with no employees or physical assets, the principal stakeholders of the company are its shareholders, investment adviser, AIFM, depositary, custodian, administrator and registrar. The continuance, or otherwise, of engagement of key third-party service providers are principal decisions taken by the board, with the support of its management engagement committee.

Principal decisions

The directors take into account s172 considerations in all material decisions of the company.

Examples of this can be seen as follows:

- On 4 October 2019, the board announced that it had decided to review the company's investment strategy following a period of poor performance. This was a comprehensive exercise which considered various alternatives, including the adoption of an alternative manager from within Jupiter, the appointment of another fund management company as investment manager and the liquidation of the company together with a rollover into another listed investment company. As part of this process, the board engaged extensively with its professional advisers and discussed the potential impact of all proposals on the company's stakeholders.
- At the conclusion of this review, the board reached an agreement with Jupiter, for Richard Buxton to assume lead fund management responsibility for the company following shareholder approval of Jupiter's proposed acquisition of Merian. It was agreed that the

Strategic review *(continued)*

company's portfolio would be managed in line with the UK Alpha strategy which has generated a strong long-term performance record consistent with the company's investment objective and policy.

- Under the new arrangements agreed with Jupiter, the board agreed with Jupiter that the company would not be charged a base management fee for the period from 1 January 2020 to 31 December 2020.
- In light of the Covid-19 pandemic and measures taken to contain the outbreak, Jupiter advised that there would be a delay in seeking shareholder approval for the Merian acquisition at Jupiter's AGM, thereby delaying Mr Buxton's appointment as lead fund manager. Taking into consideration the potential impact of this delay on the company's stakeholders, the board agreed with Jupiter that a transitional management team comprising senior members of Jupiter's investment team and led by Stephen Pearson, the Chief Investment Officer of Jupiter, would assume responsibility for the investment management of the company and fully transitioned the company's investment portfolio to align with the UK Alpha strategy in advance of Richard's appointment, which took place in May 2020.
- Taking into consideration the rise in status of Covid-19 to a pandemic and the transition of portfolio management arrangements as described above, the board increased its monitoring of the portfolio and held more frequent discussions with the investment adviser to discuss portfolio performance, discount management, and oversight of key suppliers to ensure the safety of working conditions and continuity of operational functions.
- Notwithstanding the appointment of a new lead fund manager, the board kept the company's management arrangements under review while the economic and market backdrop evolved over the course of the year and remained cognisant of the company's reduced market capitalisation. Having consulted with its advisers, the board came to the conclusion that it was no longer likely that it would be possible to grow the company in its present form by attracting significant new investors. The board advised shareholders on 28 September 2020 that it was considering options for the future of the company and currently believes that the best option is to liquidate the company so that shareholders will have the option to receive cash or, if possible, the ability to roll over their investment into another investment vehicle. The board is discussing options with its advisers and welcomes any suggestions from shareholders regarding the future of the company. Shareholders can submit suggestions to jukg.shareholder@jpmorgan.com.

In summary

The structure of the board and its various committees and the decisions it makes are underpinned by the duties of the directors under s172 on all matters. The board firmly believes in taking into account the interests of all the company's key stakeholders.

For and on behalf of the board

Tom H Bartlam
Chairman

13 October 2020

Report of the directors

The purpose of the report of the directors is to provide statutory and regulatory information about the company.

Statement in respect of the annual report & accounts

Having taken all available information into consideration, the board has concluded that the annual report & accounts for the year ended 30 June 2020, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, income business model and strategy. The board's conclusions in this respect are set out in the statement of directors' responsibilities on page 46.

There were no instances where the company is required to make disclosures in respect of Listing Rule 9.8.4 during the financial period under review.

The directors are not aware of any relevant audit information of which the company's auditor is unaware. The directors also confirm that they have taken all the steps required of a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

The financial statements have been prepared on a basis other than going concern. The directors, having considered the likely operational costs and liabilities of the company for the period under review, the liquidity of the company's portfolio and taking into account the board's decision to formally review options for the future of the company as disclosed in the Chairman's statement on page 5, are of the opinion that the company has adequate financial resources to continue in operation and meet its liabilities as they fall due for the period to the proposed liquidation date.

The directors also gave particular focus this year to the operational resilience and ongoing viability of the investment adviser and other key third-party suppliers in light of the economic uncertainty arising from the Covid-19 pandemic. The directors were satisfied that all key third-party suppliers had quickly and effectively put in place contingency planning measures to ensure that operational functionality was not affected as a result of the Covid-19 pandemic and that regular monitoring of these measures was in place.

The directors were satisfied that there were no issues affecting the ability of the company to meet ongoing obligations as and when they fall due.

Results and dividends

Results and reserve movements for the year are set out in the statement of comprehensive income on page 54 and the accompanying notes to the accounts. Subject to shareholder approval at the AGM, the board recommends the payment of the undernoted dividend in relation to the year under review:

Announcement date	Payment date	Record date	Rate
13 October 2020	30 November 2020	6 November 2020	5.0p

Capital structure

All of the company's shares are fully paid and carry one vote per share. The ordinary shares carry no additional obligations or special rights. The ordinary shares are listed on the London Stock Exchange. As at 30 June 2020, the company's issued share capital consists of 29,721,678 ordinary shares of 5 pence carrying one vote each, of which 14,699,782 are held in treasury. The total number of voting rights in the company is 15,021,896. Following the year end under review, the company bought back an additional 346,042 shares to be held in treasury.

As the company does not have any employees, it also does not have an employee share scheme.

Amendment to the articles of association and powers to issue or buyback the company's shares require a special resolution to be passed by shareholders at a general meeting. The rules governing the directors' powers to buyback shares or reissue shares are detailed on page 36 under the heading 'Resolution 10 Authority to buyback shares'.

Report of the directors *(continued)*

There are no restrictions on the holding or transfer of the ordinary shares which are governed by the general provisions of the articles of the company. There are no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the company; no agreements which the company is party to that affect its control following a takeover bid; and no agreements between the company and its directors concerning compensation for loss of office.

Notifiable interests in the company's voting rights

In accordance with the Disclosure and Transparency Rules as issued by the Financial Conduct Authority ('FCA'), the company has been notified of the following substantial interests in voting rights attaching to the ordinary shares. The directors are not aware of any other material voting interests amounting to 3% or more of the share capital of the company.

Date of Notification	Shareholder	Ordinary shares held on date of notification	% of total voting rights declared on date of notification
22 May 2020	Rathbones Investment Management Ltd	730,780	4.85

On 25 August 2020, the company received a notification from Mr Simon de Zoete advising that he held 453,500 ordinary shares representing 3.05% of the total voting rights of the company.

As at 30 June 2020, the board was also aware of the following material interests which amount to 3% or more of the share capital of the company:

Shareholder	% of issued share capital
Hargreaves Lansdown, stockbrokers (EO)	34.24
Individuals	22.47
Interactive Investor (EO)	7.90

Directors

The directors of the company and their biographies can be found on page 22. All directors held office throughout the year under review.

Directors' remuneration and interests

The directors' remuneration report and policy on page 43 to 45 provides information on the remuneration and shareholdings of the directors.

Powers of the board

Subject to the provisions of the Companies Act 2006, the memorandum and the articles and to any directions given by special resolution, the business of the company shall be managed by the directors who may exercise all the powers of the company.

These include the powers to act as the company's agents, to cause the company to enter into valid contracts, to borrow and give security and determine terms and conditions under which the company's shares are issued and repurchased.

Conflicts of interest

Each director has a statutory duty to avoid a situation where he or she has or might have a direct or indirect interest which conflicts or might conflict with the interests of the company, unless the relevant conflict or potential conflict has been authorised by the board in accordance with the terms of the articles of association. The directors have declared all potential conflicts of interest with the company.

The register of potential conflicts of interests is kept at the registered office of the company. It is reviewed regularly by the board and all directors are required to advise the company secretary as soon as they become aware of any potential conflicts of interest. Directors with potential conflicts of interest will not take part in any discussions which relate to any of their potential conflicts.

Directors' and officers' liability insurance

During the year under review and on the date of signing of the annual report and accounts, the company maintained liability insurance for its directors and officers as permitted by Section 233 of the Companies Act 2006.

Directors and company secretary indemnification

The company has indemnified its directors and company secretary in respect of their duties as directors and officers of the company, certain civil claims brought by third-parties and associated legal costs to the extent that they are permitted by the Companies (Audit, Investigations and Community Enterprise) Act 2004.

Management of the company

JUTM was appointed as AIFM to the company on 22 July 2014. JUTM subsequently delegated the portfolio management of the company to JAM. JUTM and JAM are wholly owned subsidiaries of Jupiter Fund Management PLC. Further details of the company's arrangement with JUTM and JAM can be found in note 22 to the accounts on page 72.

The directors have reviewed the performance and terms of appointment of JUTM as the company's AIFM and JAM as the investment adviser. A summary of the terms of the appointment including the notice of termination period and annual fee is set out in note 22 to the Accounts on page 72.

On 4 October 2019, the board announced that it had decided to review the company's investment strategy and management arrangements following a period of poor performance. This was a comprehensive exercise which considered various alternatives, including the adoption of an alternative manager from within Jupiter, the appointment of another fund management company as investment manager and the liquidation of the company together with a rollover into another listed investment company. At the conclusion of this review, the board reached an agreement with Jupiter for Richard Buxton to assume lead fund management responsibility for the company following shareholder approval of Jupiter's proposed acquisition of Merian. Under the new arrangements, the board agreed with Jupiter that the company would not be charged a base management fee for the period from 1 January 2020 to 31 December 2020.

The board has continued to keep the company's management arrangements under review and remained cognisant of the reduced market capitalisation of the company. As set out in the Chairman's statement on page 5, the board has been considering what are now the best options for the future of the company and its shareholders. The board currently believe that the best option is to liquidate the company so that shareholders will have the option to receive cash or, if possible, the ability to roll over their investment into another investment vehicle. The board is discussing these options with the company's advisers and establishing the interest of investment managers in offering rollover options. The directors believe that it is in the best interests of shareholders for the company to continue the appointment of the investment adviser and other key service providers under their existing terms of appointment until such time as a formal recommendation can be made to shareholders with respect to the future of the company.

Leverage through the use of derivatives

The directors have approved the use, within clearly defined limits, of certain types of derivative transactions by the investment adviser. In accordance with the Alternative Investments Fund Managers Directive ('AIFMD'), the directors report that the leverage employed by the company as at 30 June 2020 was 0.99 as determined using the 'gross method' of accounting and 1.00 as determined using the 'commitment method'.

Average leverage on a gross exposure basis is calculated by taking the sum of the notional values of the derivatives, without netting, expressed as a multiple of the company's net asset value. Average leverage on a commitment basis is calculated by netting the sum of the notional values of the derivatives and expressing it as a multiple of the company's net asset value. The key difference between the gross and commitment method is that cash and cash equivalents held by the company are excluded in the former but netted off in the latter. Under the commitment method, hedging, netting and duration netting are also allowed if the requirements of the directive are fulfilled.

Report of the directors *(continued)*

Gross Exposure			Commitment Exposure		
Maximum Limit	Average leverage employed during the year to 30 June		Maximum Limit	Average leverage employed during the year to 30 June	
	2020	2019		2020	2019
2.1	0.99	1.05	2.1	1.00	1.09

ISA qualification

The company currently manages its affairs so as to be a qualifying investment trust under the Individual Saving Account (ISA) rules. As a result, under current UK legislation, the ordinary shares qualify for investment via the stocks and shares component of an ISA up to the full annual subscription limit, currently £20,000 (2020/21) in each tax year. It is the present intention that the company will conduct its affairs so as to continue to qualify for ISA products.

Bribery prevention policy

The provision of bribes of any nature to third parties in order to gain a commercial advantage is prohibited and is a criminal offence. The board takes its responsibility to prevent bribery by Jupiter on its behalf very seriously. To aid the prevention of bribery being committed for the benefit of the company; Jupiter has adopted a Bribery Prevention Policy. Jupiter will advise the board of any changes to the policy.

Internal control and audit

In accordance with the AIC Code, the board is responsible for monitoring the company's risk management and internal control systems and reviewing their effectiveness, at least annually, and report on that review in the company's annual report.

Internal control systems are designed to meet the particular requirements of the company and to manage rather than eliminate the risks of failure to achieve its objectives. The systems by their very nature can provide reasonable but not absolute assurance against material misstatement or loss. The board has reviewed the effectiveness of the company's internal control systems which have been in place for the period under review and to the date of signing the accounts.

The company receives services from JAM and JPMCB relating to investment advice, global custody and certain administration activities. JPMEL was appointed as depositary to the company with effect from 22 July 2014. Documented contractual arrangements are in place with JAM, JPMCB and JPMEL which define the areas where the company has delegated authority to them. The directors have considered the reports on the internal control objectives and procedures of JAM, JPMCB and JPMEL together with the opinion of the service auditor for these reports which detail the measures and the testing of the measures which are in place to ensure the proper recording, valuation, physical security and protection from theft of the company's investments and assets and the controls which have been established to ensure compliance with all regulatory, statutory and fiscal obligations of the company.

The directors have also had regard to the procedures for safeguarding the integrity of the computer systems operated by Jupiter, JPMBC and JPMEL and the key business disaster recovery plans. By way of the procedures described above the board reviews the procedures in place to manage the risks to the company on an annual basis.

The company does not have an internal audit function. The audit committee considers whether there is a need for an internal audit function on an annual basis. As most of the company's functions are delegated to third-party suppliers the board does not consider it necessary for the company to establish its own internal audit function.

UK Stewardship Code and the exercise of voting powers

The company's investment adviser is responsible for voting the shares it holds on the company's behalf. The investment adviser supports the UK Stewardship

Code as issued by the FRC, which sets out the responsibilities of institutional shareholders in respect of monitoring and engaging with investee companies. The investment adviser's UK voting policies are consistent with the UK Stewardship Code. The investment adviser's Corporate Governance & Voting Policy can be found at **www.jupiteram.com**.

The board and the investment adviser believe that shareholders have a vital role in encouraging a higher level of corporate performance and therefore adopt a positive approach to corporate governance. The investment adviser aims to act in the best interests of all its stakeholders by engaging with companies that they invest in, and by exercising its voting rights with care. Not only is this commensurate with good market practice, it goes hand in hand with ensuring the responsible investment of its clients' funds. Equally, companies are asked to present their plans for maintaining social and environmental sustainability within their business.

The board and the investment adviser believe that institutional investors should exercise their corporate governance rights including voting at general meetings. In order to assist in the assessment of corporate governance and sustainability issues and contribute to a balanced view, the investment adviser subscribes to external corporate governance and sustainability research providers but does not routinely follow their voting recommendations. Contentious issues are identified and, where necessary (and where timescales permit), are discussed with corporate governance and/or sustainability analysts and portfolio managers, and companies. The investment adviser ensures that its policy is voted in practice and timely voting decisions made.

From time to time resolutions will be brought to annual general meetings by third parties encouraging companies to address specific environmental and/or social concerns. In such instances, Jupiter's corporate governance and sustainability analysts will discuss their views with the investment adviser and the investee company if appropriate. The investment adviser will then vote for what it considers to be in the best financial interests of shareholders, whilst having regard to any specific sustainability concerns unless otherwise directed.

Common reporting standard

With effect from 1 January 2016, The Organisation for Economic Co- operation and Development ('OECD') introduced new Regulations for Automatic Exchange of Financial Account Information (the Common Reporting Standard, 'CRS'). HMRC enacted the CRS in the UK through The International Tax Compliance Regulations 2015.

These regulations require all financial institutions to share certain information on overseas shareholders with HMRC; this scope includes an obligation for investment trust companies which had previously had no such reportable accounts under the UK FATCA regulations. Accordingly, the company will be required to provide information to HMRC on the tax residencies of a number of non-UK based certificated shareholders and corporate entities on an annual basis. HMRC will in turn exchange this information with tax authorities in the country in which the shareholder may be resident for taxation purposes. HMRC has advised that the company will not be required to provide such information on uncertified holdings held through CREST. The company has engaged Link Asset Services to provide such information on certificated holdings to HMRC on an ongoing basis.

AIFMD remuneration disclosure

Under the requirements of the Alternative Investment Fund Managers Directive ('AIFMD'), Jupiter Unit Trust Managers Limited ('JUTM') (part of the Jupiter Group, which comprises Jupiter Fund Management plc and all of its subsidiaries ('Jupiter')) is required to comply with certain disclosure and reporting obligations for funds that are considered to be alternative investment funds. This includes Jupiter UK Growth Investment Trust PLC.

Jupiter operates a group-wide remuneration policy, which applies to all employees across the group. All employees are incentivised in a similar way and are rewarded according to personal performance and

Report of the directors *(continued)*

Jupiter's success. Details of the remuneration policy, including the applicable financial and non-financial criteria, are set out in the detailed remuneration policy disclosures available via the following link:

https://www.jupiteram.com/corporate/Governance/Risk-management

Remuneration decisions are governed by Jupiter's Remuneration Committee (the 'Committee'), which meets on a regular basis to consider remuneration matters across the group. In order to avoid conflicts of interest, the Committee comprises independent non-executive directors, and no individual is involved in any decisions regarding their own remuneration.

JUTM's board includes two independent non executive directors who are remunerated directly by JUTM. No other members of the board receive remuneration from JUTM and are instead remunerated directly by their employing entity in the Jupiter group. JUTM does not employ any other staff. In the interests of transparency, Jupiter has apportioned the total employee remuneration paid to all 508 Jupiter staff in respect of JUTM's AIFMD duties performed for the AIFs on a 'number of funds' basis. It has estimated that the total amount of employee remuneration paid in respect of duties for the company is £625,291 of which £410,258 is fixed remuneration and £215,033 is variable remuneration.

The aggregate total remuneration paid to AIFMD Identified Staff that is attributable to duties for the company is £167,883 of which £103,915 is paid to Senior Management and £63,968 is paid to other staff. It should be noted that the aforementioned Identified Staff also provide services to other companies within Jupiter and its clients. They are included because their professional activities are considered to have a material impact on the risk profile of the company.

Engagement with stakeholders

Information about how the board fosters the relationships with its shareholders and other stakeholders, and how the board considers the impact that any material decision will have on relevant stakeholders, can be found in the section 172 statement in the strategic review on pages 28 to 30 and the corporate governance statement on pages 38 to 40.

Annual general meeting

This year's AGM will be held on Thursday, 19 November 2020 at 12 noon at the offices of Jupiter Asset Management Limited, The Zig Zag Building, 70 Victoria Street, London SWIE 6SQ.

All shareholders have the opportunity to vote on the resolutions set out in the Notice of Meeting ('Notice') and to put questions regarding the company to the directors and the investment adviser, in advance of the AGM. The Notice sets out the business of the AGM and any item not of an entirely routine nature is explained in the directors' report or notes accompanying the Notice. Separate resolutions are proposed for each substantive issue. Information on proxy votes cast is available to shareholders attending the AGM and published thereafter on the company's website.

In consideration of the wellbeing of the company's shareholders and in light of Government guidance around social distancing, shareholders will not be permitted access to the building. Please refer to the notice of AGM on page 81 for full details on how to vote and how to communicate any questions that would usually be raised at the meeting.

In addition to the ordinary business to be conducted at the meeting, the following resolutions will be proposed.

Resolution 10 – Authority to buy-back shares (special resolution)

The directors are seeking to renew the authority to purchase through the London Stock Exchange up to 14.99% of the issued share capital of the company.

The board's stated policy is to use share buybacks and new issues of shares to ensure that, in normal market conditions, the market price of its shares will closely track the net asset value per share. The commitment to active management of discount and premium is designed to produce improved liquidity for both buyers and sellers of the company's shares..

The decision as to whether the company purchases any such shares will be at the discretion of the board. Purchases of ordinary shares will be within the guidelines permitted by the UK Listing Authority.

Any ordinary shares repurchased pursuant to this authority may be held in treasury and may be subsequently cancelled or issued for cash at a premium to their net asset value at the time of sale.

Resolution 11 – Notice of general meetings

This resolution is required to reflect the Shareholder Rights Directive (the 'directive'). The regulations of the directive have increased the notice period for general meetings of the company to 21 days. If this resolution is passed the company will be able to call all general meetings (other than annual general meetings) on 14 clear days' notice. In order to be able to do so shareholders must have approved the calling of meetings on 14 days' notice.

This shorter notice period will only be used where it is merited by the purpose of the meeting.

Recommendation

The board considers that the passing of the resolutions being put to the company's AGM would be in the best interests of the company and its shareholders as a whole. It therefore recommends that shareholders vote in favour of each of the resolutions proposed, as set out in the notice of AGM.

By order of the board

Jupiter Asset Management Limited
Company Secretary
13 October2020

Corporate governance

The corporate governance report explains how the company's governance arrangements support the achievement of the company's objectives.

Corporate governance compliance statement

This statement, together with the statement of directors' responsibilities on page 46 and the statement of internal controls on page 34, indicates how the company has complied with the recommendations of the AIC code as issued in February 2019.

The AIC Code addresses the principles and provisions set out in the UK Corporate Governance Code (the UK code as issued by the Financial Reporting Council ('FRC')), as well as setting out additional provisions on issues that are of specific relevance to the company.

The board considers that reporting against the principles and provisions of the AIC code, which has been endorsed by the FRC provides more relevant information to shareholders.

The company has complied with the provisions of the AIC code.

The AIC code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC code adapts the principles and provisions set out in the UK code to make them relevant for investment companies.

A description of the main features of the company's internal control and risk management functions can be found on page 34 of this report.

Composition

As at 30 June 2020, the board comprised five non-executive directors, comprising four males and one female, all of whom are considered independent of the investment adviser. All directors are required to disclose the existence of conflicts of interest at each board meeting.

Tom Bartlam is the chairman of the board and is independent of the investment adviser. The chairman has no conflicts of interest between his interests and those of shareholders – the chairman is also a shareholder. Potential conflicts are reported to the rest of the board who consider such conflicts and, where appropriate, approve them. The chairman is not, and has never been, an employee of the investment adviser nor a professional adviser to the investment adviser or the company. The chairman does not serve as a director of any other investment companies managed by Jupiter.

Jonathan Davis serves as senior independent director. The senior independent director acts as a sounding board for the chairman and an intermediary for the other directors and shareholders.

Role of the board

The board receives monthly reports and meets at least four times a year in order to review the overall business of the company and to consider matters specifically reserved for its review. At these meetings the board monitors the investment performance of the company. The directors also review the company's activities every quarter to ensure that it adheres to its investment policy or, if appropriate, to make any changes to that policy.

Additional ad hoc reports are received as required and directors have access at all times to the advice and services of the company secretary, who is responsible for ensuring that board procedures are followed, and that applicable rules and regulations are complied with. The board has adopted a schedule of items specifically reserved for its decision.

In the furtherance of their duties the directors can take independent professional advice at the expense of the company.

Tenure

The board does not consider it appropriate that directors should be appointed for a specific term.

Lorna Tilbian has served as a director of the company since 2001. The board does not believe that her length of service, of itself, has any bearing on her independence or ability to fulfil her fiduciary duties towards our shareholders. In normal circumstances, Ms Tilbian would be retiring at this year's AGM. However, the board has asked Ms Tilbian to remain in office to continue to support the review process underway with respect to the future of the company.

Diversity

It is seen as a prerequisite that each member of the board must have the skills, experience and character that will enable them to contribute to the effectiveness of the board and the success of the company. Subject to that overriding principle, diversity of experience and approach, including gender diversity, amongst board members is of great value, and it is the board's policy to give careful consideration to overall board balance and diversity in making new appointments to the board.

Appointment of directors

Appointments to the board are made on merit with due regard for the benefits of diversity, including gender. The priority in appointing new directors is to identify the candidate with the best range of skills and experience to complement the existing directors.

Re-election of directors

In accordance with the AIC Code each director of the company will offer themselves for re-election at this year's AGM.

Following the annual performance evaluation, the board has concluded that each director continues to demonstrate independence of character and judgement and that their skills and experience enhance the collective strength of the board.

Having regard to the review process underway with respect to the future of the company, the board recommends that all directors be re-elected at this year's AGM.

Directors' training

Although no formal training in corporate governance is given to directors, the directors are kept up-to-date on corporate governance issues through bulletins and training materials provided from time to time by the company secretary. The board may obtain training in corporate governance on an individual basis.

Directors' performance evaluation

The board conducts an annual review to evaluate its own performance and that of the individual directors and chairman. The directors undertake on an annual basis an appraisal in relation to their oversight and monitoring of the performance of the investment adviser and other key service providers. In addition, the directors undertake, on an annual basis, an assessment of the effectiveness of the board as a whole which includes completion of a formal questionnaire. As part of the evaluation process a review of the performance of the chairman was undertaken, led by the senior independent director. The board has not arranged an externally facilitated evaluation during the period under review.

Board committees

Directors attendance at meetings

	Board	Audit	Management Engagement	Nomination	Remuneration
Tom H Bartlam	6/7	3/3	1/1	1/1	1/1
Jonathan G D Davis	7/7	3/3	1/1	1/1	1/1
Graham M Fuller	7/7	3/3	1/1	1/1	1/1
Lorna M Tilbian	7/7	3/3	1/1	1/1	1/1
Keith Bray	7/7	3/3	1/1	1/1	1/1

Corporate governance *(continued)*

Audit committee

The board has established an audit committee which consists of all the directors of the company. Graham Fuller is chairman of the audit committee. The committee's report can be found on page 41.

With reference to the AIC code, the chairman of the board serves as a member of the audit committee. The audit committee considers this appropriate given the experience of Mr Bartlam and his valued contributions to the operation of the audit committee.

Management engagement committee

The board has established a management engagement committee which consists of all the directors. Tom Bartlam is the chairman. The primary function of this committee is to ensure that the investment adviser complies with the terms of its contractual agreement with the company and that the provisions of the agreement follow industry practice, remain competitive and are in the best interests of shareholders. The performance of the investment adviser and other third party service providers are formally reviewed on an annual basis and informally throughout the year.

Nomination committee

Appointments to the board are considered by the nomination committee which consists of all the directors and is chaired by Tom Bartlam.

The committee considers job specifications and assesses whether candidates have the necessary skills and time available to devote to the company's business.

Remuneration committee

The remuneration of the board is considered by the remuneration committee which consist of all the directors. The chairman is Lorna Tilbian. In determining the remuneration of the board, the committee takes into consideration the remuneration of boards of other investment companies of a similar size and information provided by the AIC.

The terms of reference of each of the committees are available on the company's website www.jupiteram.com/JUKG.

Shareholder relations

The company reports to shareholders twice a year by way of the half yearly financial report and annual report & accounts. In addition, net asset values are published on a daily basis and monthly factsheets are published on the company's website **www.jupiteram.com/JUKG**.

The board has developed the following procedure for ensuring that each director develops an understanding of the views of shareholders. Regular contact with major shareholders is undertaken by the company's corporate brokers and the corporate finance executive of the investment adviser. Any issues raised by major shareholders are then reported to the board. The board also receives details of all material correspondence with shareholders and the chairman and individual directors are willing to meet shareholders to discuss any particular items of concern regarding the performance of the company. The chairman, directors and representatives of the investment adviser are also available to answer any questions which may be raised by a shareholder.

The company encourages participation from shareholders at its AGMs where they can communicate directly with the directors and investment adviser. Details of alternative arrangements for the AGM this year as a result of Covid-19, can be found in the notice and notes of AGM on pages 81 to 83 of this report.

Further information about how the board engages with shareholders and other stakeholders can be found on pages 28 and 29 of this report.

For and on behalf of the board

Tom H Bartlam
Chairman
13 October 2020

Report of the audit committee

Role of the audit committee

The audit committee meets at least twice annually to consider the company's financial reporting, its internal controls and relations with the external auditor. In addition, it reviews the independence and objectivity of the auditor the effectiveness of the audit process and the quality of the audit engagement partner and audit team, making a recommendation to the board with respect to the reappointment of the auditor.

It will also provide an opinion as to whether the annual report & accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy.

During the course of the year, representatives of the AIFM, investment adviser and other third-party service providers may be invited to attend meetings of the audit committee to report on issues as required.

The company does not have an internal audit function as most of its day to day operations are delegated to professional third parties.

The audit committee also reviews the company's compliance with the AIC Code.

Composition

The audit committee consists of the five independent non-executive directors of the company. Graham Fuller is chairman of the audit committee.

Significant accounting matters

During its review of the company's accounts for the year ended 30 June 2020, the audit committee considered the following significant issues and carried out a robust risk assessment, including the consideration of principal risks and uncertainties in light of the company's activities, and issues communicated by the auditor during their review, all of which were satisfactorily addressed:

Issue considered	How the issue was addressed
■ Valuation of the investment portfolio	■ Review of reports from the investment adviser and custodian and confirmation that valuation methodologies have been applied consistently.
■ Compliance with section 1158 of the Corporation Tax Act 2010	■ Approval for the company as an investment trust under sections 1158 and 1159 of CTA 2010 for financial years commencing on or after 1 September 2012 has been obtained and the ongoing compliance with the eligibility criteria is monitored on a regular basis.
■ Calculation of performance and management fees	■ Consideration of the data used to calculate fees, matched against the criteria set out in the Investment Management Agreement.
■ Statements of viability and going concern	■ Review of investment portfolio, risks and uncertainties, projected cash flow and forecast revenue. Consideration of the appropriate basis of preparation of the financial statements.

As part of their review the audit committee considered the Report on Controls in accordance with International Standards of Assurance Engagements (ISAE) 3402 together with Audit and Assurance Faculty (AAF) 01/06 prepared for JAM by PricewaterhouseCoopers LLP.

Auditor and audit tenure

During the period under review, the committee led an audit tender process to replace Haysmacintyre LLP ('Haysmacintyre') as independent auditor of the company. Haysmacintyre had served as auditor of the company since 1987 and in accordance with the regulations must resign as auditor of the company at this year's AGM. Taking into consideration the

Report of the audit committee *(continued)*

board's intention to recommend to shareholders that the company be placed into liquidation before the financial year ending 30 June 2021 and in consultation with the company's advisers, the committee has placed the tender process on hold and do not propose the appointment of an auditor in place of Haysmacintyre at the current time. If it is possible to offer shareholders the option to roll over their investment into another investment vehicle a reporting accountant will be appointed to verify asset values. The committee wish to extend their thanks to Haysmacintyre for their service to the company.

Auditor effectiveness and independence

Auditor effectiveness is assessed by means of the auditor's direct engagement with the board at audit committee meetings and also by reference to feedback from the AIFM, investment adviser and its employees who have direct dealings with the auditor during the annual audit of the company.

The board concluded, on the recommendation of the audit committee, that the auditor remained independent of the company, the AIFM and the investment adviser and the audit was effective.

Disclosure of information to the auditor

The directors are not aware of any relevant audit information of which the company's auditor is unaware. The directors also confirm that they have taken all the steps required of a company director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Non-audit services

Haysmacintyre do not provide any non-audit services to the company. Non-audit services require the prior approval of the audit committee.

Statement in respect of the annual report & accounts

Having taken all available information into consideration and having discussed the content of the annual report & accounts with the AIFM, investment adviser, company secretary and other third party service providers, the audit committee has concluded that the annual report & accounts for the year ended 30 June 2020, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy, and has reported on these findings to the board.

For and on behalf of the audit committee

Graham Fuller
Chairman of the audit committee
13 October 2020

Directors' remuneration report and policy

Introduction

The board is pleased to present the company's annual remuneration report for the year ended 30 June 2020 in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The law requires the company's auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in their report on pages 48 to 53.

Statement by the chairman

The board's policy on remuneration is set out below. Fees payable to directors should reflect the time spent on the company's affairs, and should be sufficient to attract and retain individuals of high calibre with suitable knowledge and experience.

The directors of the company are non-executive and by way of remuneration receive an annual fee, payable quarterly in arrears.

The company does not award any other remuneration or benefits to the chairman or directors. There are no bonus schemes, pension schemes, share option or long-term incentive schemes in place for the directors.

Directors' remuneration policy

The company's remuneration policy is that fees payable to directors are commensurate with the amount of time directors are expected to spend on the company's affairs, whilst seeking to ensure that fees are set at an appropriate level so as to enable candidates of a sufficient calibre to be recruited. The company's articles of association states the maximum aggregate amount of fees that can be paid to directors in any one year. This is currently set at £150,000 per annum and shareholder approval is required for any changes to this.

Each director is entitled to a base fee, The chairman of the board is paid a higher fee than the other directors, to reflect the additional work required to be carried out in this role. The chairman of the audit committee also receives a higher fee on the same basis.

The board has established a remuneration committee and any review of the directors' fees is undertaken by the committee and has regard to the level of fees paid to non-executive directors of other investment companies of equivalent size.

The board is authorised to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference. The board did not seek external advice during the year under review.

Directors' service contracts

No director has a contract of service with the company. Accordingly, the directors are not entitled to any compensation in the event of termination of their appointment or loss of office, other than the payment of any outstanding fees.

The board does not consider it appropriate that directors should be appointed for a specific term. In accordance with the AIC code, directors offer themselves for re-election on an annual basis.

The terms and conditions of directors' appointments are set out in formal letters of appointment.

Director	Date of appointment	Due date for Re-election
Tom H Bartlam	5 July 2013	Annually
Keith Bray	28 March 2018	Annually
Jonathan G D Davis	3 May 2011	Annually
Graham M Fuller	5 July 2013	Annually
Lorna M Tilbian	21 May 2001	Annually

Shareholder approval and effective date

The directors' remuneration policy was approved by the shareholders at the AGM held on 15 November 2017 is required to be submitted for approval at this year's AGM. No change to the current remuneration policy is proposed.

Directors' remuneration report and policy *(continued)*

Statement of voting at the last AGM

The following sets out the votes received at the last AGM of the shareholders of the company, held in respect of the approval of the directors' remuneration report.

Votes cast for		Votes cast against		Total votes cast	Number of votes withheld
Number	%	Number	%		
1,269,012	98.99	12,930	1.01	1,281,942	13,784

Annual report on remuneration

A single figure for the total remuneration of each director is set out in the table below for the year ended 30 June 2020 and 30 June 2019 respectively:

Directors' emoluments for the period (audited)

Directors	Total fees for the year ended 30 June 2020	Total fees for the year ended 30 June 2019
Tom H Bartlam*	30,000	30,000
Keith Bray	22,500	22,500
Jonathan G D Davis	22,500	22,500
Graham M Fuller**	25,000	25,000
Lorna M Tilbian	22,500	22,500
Total	**122,500**	**122,500**

* *Chairman of the board.*

** *Chairman of the audit committee*

Directors' interests

The directors who held office at the end of the year covered by these accounts and their beneficial interests in the ordinary shares at 30 June 2020 are shown below.

No director was a party to or had any interest in any contract or arrangement with the company at any time during the year or subsequently.

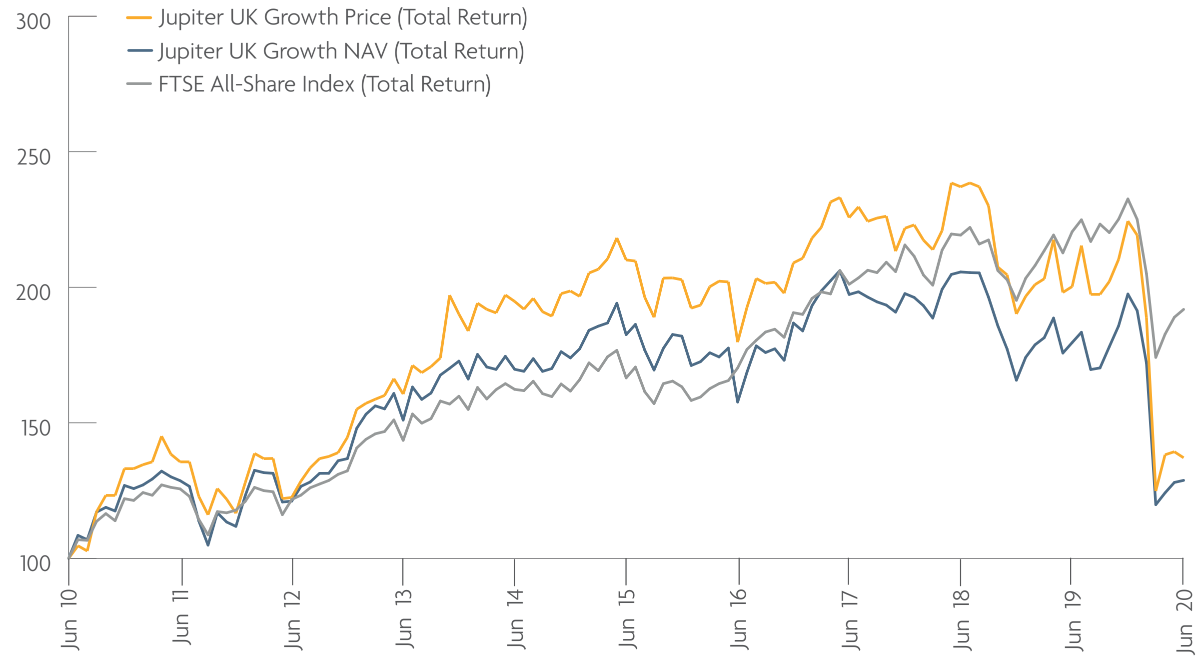
Directors' interest in ordinary shares (audited)

	At 30 June 2020	At 30 June 2019
Tom H Bartlam	117,500	117,500
Keith Bray	7,359	7,359
Jonathan G D Davis	4,000	4,000
Graham M Fuller	17,500	17,500
Lorna M Tilbian	–	–

Performance from 30 June 2010 to 30 June 2020

The graph below provides details of the company's performance by reference to both the company's net asset value and ordinary share price compared with the company's benchmark index the FTSE All-Share Total Return Index. This index has been chosen as the most suitable benchmark against which to measure the performance of the company.

Effect of £100 reinvested in the company on 30 June 2010 to 30 June 2020



Source: Morningstar.

On behalf of the board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the directors' remuneration report and policy summarises, for the year ended 30 June 2020, the review undertaken and the decisions made regarding the fees paid to the board, and the future remuneration policy of the company which is to be approved by shareholders.

By order of the board
Lorna M Tilbian
Chairman of the remuneration committee
13 October 2020

Statement of directors' responsibilities in relation to the financial statements

The directors are responsible for preparing the annual report and financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards ('IFRS') as adopted by the European Union.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the return or loss of the company for that period. In preparing the financial statements, the directors are required to:

(a) select suitable accounting policies in accordance with IAS 8 accounting policies, changes in accounting estimates and errors and then apply them consistently;

(b) present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

(c) provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;

(d) state that the company has complied with IFRS, subject to any material departures disclosed and explained in the financial statements; and

(e) make judgements and estimates that are reasonable and prudent.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and statement of corporate governance that comply with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website **www.jupiteram.com/JUKG**.

The work carried out by the auditor does not include consideration of the maintenance and integrity of the website and accordingly the auditor accepts no responsibility for any changes that have occurred to the financial statements when they are presented on the website.

The financial statements are published on **www.jupiteram.com/JUKG** which is a website maintained by Jupiter Asset Management Limited.

Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the directors, who are listed on page 22 of this report, confirms to the best of their knowledge that:

(a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company;

(b) the report includes a fair view of the development and performance of the business and the position of the company together with a description of the principal risks and uncertainties that the company faces; and

(c) that in the opinion of the board, the annual report and accounts taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the company's performance, business model and strategy.

So far as each of the directors is aware at the time the report is approved:

(a) there is no relevant audit information of which the company's auditor is not aware; and

(b) the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the board

Tom H Bartlam
Chairman
13 October 2020

Independent auditor's report

To the members of Jupiter UK Growth Investment Trust PLC

Our opinion on the financial statements

We have audited the financial statements of Jupiter UK Growth Investment Trust plc ('the Company') for the year ended 30 June 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2020 and of the loss for the year then ended;
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to note 1 to the financial statements which explain that the directors have concluded that it is no longer appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in note 1. Our opinion is not modified in this respect.

Conclusions relating to principal risks, going concern and viability statement

Aside from the impact of the matter disclosed in the emphasis of matter paragraph, we have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have any material to add or draw attention to:

- the disclosures in the annual report set out on pages 25 and 26 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 41 in the annual report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- whether the directors' statements relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6.R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation on pages 27 and 28 in the annual report as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters: Our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

	The risk	Our response to the risk:
Incomplete or inaccurate revenue recognition, including classification as revenue or capital Revenue for the year is £1,168,000 (2019: 1,998,000) and is disclosed in note 3 to the financial statements. The accounting policy for revenue is described in note 1(a) on page 58 to the financial statements.	There is a risk of incomplete or inaccurate recognition income through the failure to recognise proper income entitlements or applying appropriate accounting treatment. In addition to the above, the directors are required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital'.	We have undertaken the following procedures to verify the appropriateness of revenue recognition: ■ To assess the completeness of dividends for all investments held during the year we reviewed the RNS dividend announcements made by the investee Company's and ensured that the Company had correctly recognised any dividends in respect of those dividends; ■ We agreed the receipt of all the dividends to bank statements; ■ For a sample of accrued dividends, we assessed the date of the dividend declaration date and whether the Company had proper legal title to those dividends; ■ We obtained an analysis of special dividends recognised during the year and reviewed the investee company announcements in relation to those dividends and considered whether the classification of these dividends was appropriate; ■ We reviewed and considered the appropriateness of the disclosures contained within the Company's financial statements.
	Key observations communicated to the Audit Committee We noted that during the year special dividends of £169,000 were recognised - all of which were recognised as revenue items. From our review of the dividend announcements we are satisfied with the appropriateness of this judgement. Our audit procedures did not identify any matters or other observations to report to the Audit Committee.	

Independent auditor's report *(continued)*

	The risk	Our response to the risk:
Valuation of investments Investment valuations at the year-end were £30,262,000 (2019: £51,857,000) which included listed investments of £30,073,000 (2019: £51,667,000) and unquoted investments of £189,000 (2019: £190,000). Disclosure of these investments is included in note 11 to the financial statements. The accounting policy for the valuation of investments is described in note 1(c) on page 59 of the financial statements.	Listed investments are the most significant item in the statement of financial position and an error within the valuation of the Company's investment portfolio could have a material impact on the financial position and performance of the Company. The Company holds one unquoted investment which is immaterial both in the current and prior year. Accordingly, this fell below our testing threshold and our commentary on the response to the risk and key observations communicated to the Audit Committee relates to the listed investment portfolio only.	We have undertaken the following procedures to gain assurance over the valuation of listed investments: ■ We agreed the bid price to an independent source; ■ We agreed the exchange rates applied to overseas stocks to an independent source; ■ We agreed the year-end investment holdings to custodian confirmation; ■ We re-performed our own calculation of the expected investment valuation and compared this to the actual investment valuation; ■ We assessed the accuracy of the calculation of unrealised gains and losses; and ■ We assessed the appropriateness of the financial statements' disclosures.
	Key observations communicated to the Audit Committee Based on the procedures performed we gained satisfactory assurance over the valuation of the Company's listed investment portfolio and did not identify any matters or other observations to report to the Audit Committee.	

An overview of the scope of our audit

Our assessment of audit risk, our evaluation of materiality and our calculation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £300,000 which is approximately 1% of the Company's gross assets. Gross assets has been used as the benchmark for materiality as this is considered to be the critical performance measure used by investors to assess the performance of the Company.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceed materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment our assessment was that performance materiality should be set at 75% of our overall materiality level, namely £225,000. We have set performance materiality at this percentage due to the absence of significant errors noted in the current year audit and based on our assessment of the control framework at the Company.

Given the importance of the distinction between revenue and capital for the Company we also applied a separate performance materiality level of £58,000 for the revenue column of the Statement of Comprehensive Income. We set this level at 5% of revenue.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £15,000 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Other information

The other information comprises the information included in the annual report as set out on pages 1 to 80, other than the financial statements and our auditor's report thereon. The directors' are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report on that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on pages 46 and 47 – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess

Independent auditor's report *(continued)*

the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

- Audit Committee reporting set out on page 41 – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- directors' statement of compliance with the UK Corporate Governance Code set out on page 38 – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all of the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level assurance, but not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies Act 2006, the Listing Rules and the UK Corporate Governance Code.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and management in combination with a review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement including how fraud might occur by considering the key risks impacting the financial statements. Given the activities of the Company, we consider management override as being most likely to occur in the recognition of revenue, our procedures in this regard are stated in the Key Audit Matter above.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report..

Other matters we are required to address

Following recommendations of the audit committee, we were appointed by the audit committee to audit the financial statements for the year ending 30 June 1987 and subsequent financial periods. The period of total uninterrupted engagement is 33 years covering the years ending 30 June 1987 to 30 June 2020.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

George Crowther
Senior Statutory Auditor
for and on behalf of Haysmacintyre LLP
Statutory Auditor, Chartered Accountants
London

13 October 2020

Statement of comprehensive income

for the year ended 30 June 2020

	Note	Year ended 30 June 2020 Revenue £'000	Capital £'000	Total £'000	Year ended 30 June 2019 Revenue £'000	Capital £'000	Total £'000
Losses on investments at fair value	11	–	(13,494)	(13,494)	–	(9,246)	(9,246)
Income	3	1,168	–	1,168	1,998	–	1,998
Other income	3	1	–	1	94	–	94
Foreign exchange (loss)/gain		–	(3)	(3)	–	222	222
Gross return/(loss)		**1,169**	**(13,497)**	**(12,328)**	**2,092**	**(9,024)**	**(6,932)**
Investment management fee	4	(30)	(90)	(120)	(66)	(197)	(263)
Other expenses	5	(359)	(13)	(372)	(374)	(15)	(389)
Total expenses		**(389)**	**(103)**	**(492)**	**(440)**	**(212)**	**(652)**
Net return/(loss) before finance costs		**780**	**(13,600)**	**(12,820)**	**1,652**	**(9,236)**	**(7,584)**
Finance costs	7	(16)	(48)	(64)	(54)	(165)	(219)
Return/(loss) on ordinary activities		**764**	**(13,648)**	**(12,884)**	**1,598**	**(9,401)**	**(7,803)**
Taxation	8	(18)	–	(18)	(26)	–	(26)
Net return/(loss) after taxation		**746**	**(13,648)**	**(12,902)**	**1,572**	**(9,401)**	**(7,829)**
Return/(loss) per ordinary share	**10**	**4.72p**	**(86.43)p**	**(81.71)p**	**8.64p**	**(51.66)p**	**(43.02)p**

The total column of this statement is the income statement of the company, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are both prepared under guidance produced by the AIC. All items in the above statement derive from continuing operations.

No operations were acquired or discontinued during the year.

All net income is attributable to the equity holders of Jupiter UK Growth Investment Trust PLC. There are no minority interests.

The notes on pages 58 to 73 form part of these accounts.

Statement of financial position

as at 30 June 2020

	Note	2020 £'000	2019 £'000
Non current assets			
Investments held at fair value through profit or loss	11	–	51,857
Current assets			
Investments held at fair value through profit and loss	11	30,262	–
Receivables	12	152	376
Cash and cash equivalents		153	1,536
		30,567	1,912
Total assets		**30,567**	**53,769**
Current liabilities			
Payables	13	(112)	(4,367)
Total assets less current liabilities		**30,455**	**49,402**
Capital and reserves			
Called up share capital	15	1,486	1,486
Share premium account	16	50,461	50,461
Capital redemption reserve	17	683	683
Retained earnings*	18	(22,175)	(3,228)
Total equity shareholders' funds		**30,455**	**49,402**
Net asset value per ordinary share	**19**	**202.7p**	**292.9p**

* *Under the company's articles of association any dividends are distributed only from the revenue reserve.*

Approved by the board of directors and authorised for issue on 13 October 2020 and signed on its behalf by:

Tom H Bartlam
Chairman

Company Registration Number 1040834

The notes on pages 58 to 73 form part of these accounts.

Statement of changes in equity

for the year ended 30 June 2020

For the year ended 30 June 2020	Share Capital £'000	Share Premium £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
30 June 2019	1,486	50,461	683	(3,228)	49,402
Net loss for the year	–	–	–	(12,902)	(12,902)
Dividends paid*	–	–	–	(1,365)	(1,365)
Ordinary shares repurchased	–	–	–	(4,680)	(4,680)
Balance at 30 June 2020	**1,486**	**50,461**	**683**	**(22,175)**	**30,455**

** Dividends paid during the period were paid out of revenue reserves.*

For the year ended 30 June 2019	Share Capital £'000	Share Premium £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
30 June 2018	1,486	50,461	683	12,562	65,192
Net loss for the year	–	–	–	(7,829)	(7,829)
Dividends paid*	–	–	–	(1,296)	(1,296)
Ordinary shares repurchased	–	–	–	(6,665)	(6,665)
Balance at 30 June 2019	**1,486**	**50,461**	**683**	**(3,228)**	**49,402**

** Dividends paid during the period were paid out of revenue reserves.*

The notes on pages 58 to 73 form part of these accounts.

Statement of cash flow

for the year ended 30 June 2020

	Note	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Cash flow from operating activities			
Dividends received		1,533	1,943
Investment management fee paid		(183)	(282)
Deposit interest received		1	94
Other cash expenses		(673)	(224)
Net cash inflow from operating activities before taxation	**20**	**678**	**1,531**
Interest paid		(64)	(225)
Taxation		(18)	(26)
Net cash inflow from operating activities		**596**	**1,280**
Cash flow from investing activities			
Purchases of investments		(35,434)	(23,836)
Sale of investments		43,503	33,832
Net cash inflow from investing activities		**8,069**	**9,996**
Cash flow from financing activities			
Shares repurchased		(4,680)	(6,665)
Equity dividends paid		(1,365)	(1,296)
Short term bank loan repaid		(4,000)	(13,000)
Net cash outflow from financing activities	**21**	**(10,045)**	**(20,961)**
Decrease in cash		**(1,380)**	**(9,685)**
Change in cash and cash equivalents			
Cash and cash equivalents at start of year		1,536	10,999
Realised (loss)/gain on foreign currency		(3)	222
Cash and cash equivalents at end of year		**153**	**1,536**

The notes on pages 58 to 73 form part of these accounts.

Notes to the accounts

for the year ended 30 June 2020

1. Accounting policies

The accounts comprise the financial results of the company for the year ended 30 June 2020. The accounts are presented in pounds sterling, as this is the functional currency of the company. The accounts were authorised for issue in accordance with a resolution of the directors on 13 October 2020. All values are rounded to the nearest thousand pounds (£'000) except where indicated.

The accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and International Accounting Standards Committee (IASC), as adopted by the European Union (EU).

Where presentational guidance set out in the Statement of Recommended Practice (SORP) for investment trusts issued by the AIC is consistent with the requirements of IFRS, the directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

As described in the Chairman's statement on page 5 in the wake of further losses incurred and the reduced market capitalisation of the company, the board has come to the conclusion that they are no longer likely to be able to grow the company in its present form by attracting significant new investors in the foreseeable future. The board has therefore been considering the best options for the future of the company and its shareholders and currently believe that the best option is to liquidate the company so that shareholders will have the option to receive cash or, if possible, the ability to roll over their investment into another investment vehicle. These options will be subject to shareholder approval. As a result of the above conclusion the directors' have concluded that it is no longer appropriate for these financial statements to be prepared on a going concern basis.

As such, these financial statements have been prepared on a basis other than the going concern basis and, in accordance with IAS 1, the company has made an assessment of the carrying value of its assets and have concluded that the carrying value of its assets are reflective of their recoverable amount. The company's investments which were previously classified as non-current assets have now been classified as current assets.

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, is set out below:

(a) Income recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Revenue includes dividends from investments quoted ex-dividend on or before the date of the statement of financial position.

Dividends receivable from equity shares are taken to the revenue return column of the statement of comprehensive income.

Special dividends are reviewed on a case by case basis to determine if the dividend is to be treated as revenue or capital.

Deposit and other interest receivable, expenses and interest payable are accounted for on an accruals basis. These are classified within operating activities in the statement of cash flow.

Underwriting commission is taken to income and recognised when the issue takes place, except where the company is required to take up all or some of the shares underwritten, in which case an appropriate proportion of the commission received is deducted from the cost of those shares.

(b) Presentation of statement of comprehensive income

In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the statement of comprehensive income between items of a revenue and capital nature has been presented alongside the statement. In accordance with the company's articles of association, net capital returns may not be distributed by way of dividend.

An analysis of retained earnings broken down into revenue (distributable) items and capital (non-distributable) items is given in note 18. Investment management fees and finance costs are charged 75% to capital and 25% to revenue. All other operational costs including administration expenses (but with the exception of any investment performance fees which are charged to capital) are charged to revenue.

(c) Basis of valuation of investments

Investments are recognised and derecognised on a trade date where a purchase and sale of an investment is under contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, being the consideration given.

All investments are classified as held at fair value through profit or loss. All investments are measured at fair value with changes in their fair value recognised in the statement of comprehensive income in the period in which they arise. The fair value of listed investments is based on their quoted bid price at the reporting date without any deduction for estimated future selling costs.

Foreign exchange gains and losses on fair value through profit and loss investments are included within the changes in the fair value of the investments.

For investments that are not actively traded and/or where active stock exchange quoted bid prices are not available, fair value is determined by reference to a variety of valuation techniques. These techniques may draw, without limitation, on one or more of: the latest arm's length traded prices for the instrument concerned; financial modelling based on other observable market data; independent broker research; or the published accounts relating to the issuer of the investment concerned.

(d) Finance costs

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the statement of comprehensive income using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

(e) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risks of changes in value.

(f) Bank interest

Bank interest is recognised in the statement of comprehensive income in the period in which it is incurred. Bank interest is charged 25% to revenue and 75% to capital.

(g) Foreign currencies

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At the date of each statement of financial position, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the year, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

Notes to the accounts *(continued)*

1. Accounting policies *(continued)*

(h) Treasury shares

In accordance with the relevant provisions of the Companies Act 2006 any ordinary shares repurchased, pursuant to the above authority, may be held in treasury. These ordinary shares may subsequently be cancelled or sold for cash. This would give the company the ability to reissue shares quickly and cost effectively and provide the company with additional flexibility in the management of its capital. On reissue of these shares the profit element is allocated to share premium.

The company may hold in treasury any of its ordinary shares that it purchases pursuant to the share buyback authority granted by shareholders.

(i) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the date of the statement of financial position.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Investment trusts which have approval under section 1158 of the Corporation Tax Act 2010 are not liable for taxation of capital gains.

(j) Accounting developments

At the date of authorisation of the financial statements, the following amendment to the IFRS Standards and Interpretations was assessed to be relevant and is effective for annual periods beginning on or after 1 January 2019:

- IFRIC 23: Uncertainty over Income Tax Treatments

  IFRIC 23 has not had an effect on the measurement or disclosure of amounts recognised within the financial statements of the company.

At the date of authorisation of the financial statements, the following standards and interpretations were assessed to be relevant and are all effective for annual periods beginning on or after 1 January 2020:

- IAS 1 and IAS 8 Amendments: Definition of Material
- IFRS 9, IAS 39 and IFRS 7 Amendments: Interest Rate Benchmark Reform

The directors expect that the adoption of the standards listed above will have either no impact or that any impact will not be material on the financial statements of the company in future periods.

The financial statements have been prepared on the historical cost basis, except for the measurement at fair value of certain financial instruments. The principal accounting policies adopted are set out below.

At 30 June 2020, the company had net current assets of £30,455,000 (30 June 2019: £49,402,000). The directors have a reasonable expectation that the company has sufficient resources to continue in operational existence until any liquidation date and for the company to meet its objectives and measure performance against them. The directors considered the Covid-19 pandemic and the impact this may have on the company, noting in particular that, in addition to its net current assets the company holds a portfolio of largely liquid assets that, if required, can be sold to maintain adequate cash balances to meet its expected cash flows. The directors also reviewed scenarios of a significant drop in value of the assets and noted that they will still be significantly higher than liabilities. They have also confirmed the resiliency of the company's key service providers and are satisfied that their contingency plans and working arrangements are sustainable. The board has established a framework of prudent and effective controls performed periodically by the Audit Committee, which enable risks to be assessed and managed.

2. Significant accounting judgements, estimates and assumptions

The preparation of the company's financial statements on occasion requires management to make judgements, estimates and assumptions that affect the reported amounts in the primary financial statements and the accompanying disclosures. These assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the current and future periods, depending on circumstance.

Management do not believe that any significant accounting judgements have been applied to this set of financial statements other than the allocations between capital and revenue shown in notes 4 to 7. This allocation is based on an average of long term historic NAV capital returns.

3. Income

	2020 £'000	2019 £'000
Income from non current assets:		
Dividends from UK companies	937	1,795
Dividends from overseas companies	231	203
	1,168	**1,998**
Other income:		
Deposit interest	1	15
Interest from liquidity fund	–	79
	1	94
	1,169	**2,092**
Income from non current assets is derived:		
Listed on the UK stock exchange	937	1,795
Listed on overseas stock exchanges	231	203
	1,168	**1,998**

Notes to the accounts *(continued)*

4. Investment management fee

		2020			2019	
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	30	90	120	66	197	263
	30	**90**	**120**	**66**	**197**	**263**

Details of the investment management contract are given in note 22.

5. Other administrative expenses

	Year ended 30 June 2020			Year ended 30 June 2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Directors' remuneration (see page 44)	123	–	123	122	–	122
Auditor's remuneration – audit	34	–	34	34	–	34
Loan facility legal fees	4	11	15	3	10	13
Transaction handling charges	–	2	2	–	2	2
Other	198	–	198	215	3	218
	359	**13**	**372**	**374**	**15**	**389**

6. Ongoing charges

	2020 £'000	2019 £'000
Investment management fees	120	263
Other expenses	359	374
Total expenses (excluding finance costs)	479	637
Average net assets	41,342,872	55,154
Ongoing charges %	**1.16**	**1.15**

7. Finance costs

		2020			2019	
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Short term loan interest	11	33	44	53	159	212
Bank loan and overdraft interest	–	–	–	–	1	1
Commitment fees	5	15	20	1	5	6
	16	**48**	**64**	**54**	**165**	**219**

Finance costs are split 25:75 between revenue and capital.

8. Taxation

(a) Analysis of current tax charge in year:

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Overseas tax	18	–	18	26	–	26
Total current tax (note 8b)	**18**	**–**	**18**	**26**	**–**	**26**

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for a large company 19.00% (2019: 19.00%). The differences are explained below:

	2020 £'000	2019 £'000
Net gain before taxation	764	1,598
Corporation tax at 19.00% (2019: 19.00%)	145	304
Effects of		
Non taxable income	(222)	(380)
Overseas tax suffered	18	26
Tax losses carried forward	77	76
Current tax charge for the year	**18**	**26**

There is an unrecognised deferred tax asset at 19.0% (2019: 19.0%) of £2,254,000 (2019: £1,925,000) which relates to unutilised management expenses and other losses. The deferred tax asset would only be recovered if the company were to generate sufficient taxable profits in the future to utilise these expenses. It is considered too unlikely that the company will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

9. Dividends

Amounts recognised as distributions to equity holders in the period:	2020 £'000	2019 £'000
Unclaimed dividends	–	(10)
2019 dividend of 8.5p (2019: 7.0p) per ordinary share	1,365	1,306
	1,365	**1,296**

Set out below is the estimated total dividend payable in respect of the financial year under review and based on the shares in issue as at the reporting date, which is the basis on which the requirements of Section 1158 of the Corporation Tax Act 2010 are considered:

Dividends on equity shares:	2020 £'000	2019 £'000
2020 dividend of 5.0p (2019: 8.5p) per ordinary share	**746**	**1,181**

Notes to the accounts *(continued)*

10. Earnings per ordinary share

The earnings per ordinary share figure is based on the net loss for the year of £12,902,000 (2019 net loss: £7,829,000) and on 15,790,045 (2019: 18,198,496) ordinary shares, being the weighted average number of ordinary shares in issue during the year excluding shares held in treasury. There were no events in which the shareholders' ownership of the company was reduced due to the issuance of new shares. Diluted and undiluted earnings per share are therefore the same.

The earnings per ordinary share figure detailed above can be further analysed between revenue and capital, as below.

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Net revenue return	746	1,572
Net capital loss	(13,648)	(9,401)
Net total loss	**(12,902)**	**(7,829)**
Weighted average number of ordinary shares in issue during the year	15,790,045	18,198,496
Revenue earnings per ordinary share	4.72p	8.64p
Capital loss per ordinary share	(86.43)p	(51.66)p
Total loss per ordinary share	**(81.71)p**	**(43.02)p**

11. Current asset & non-current asset investments

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Movement on investments		
Market value of investments at beginning of year	51,857	71,211
Net unrealised loss/(gain) at beginning of year	6,043	(2,939)
Cost of investments at beginning of year	**57,900**	**68,272**
Purchases at cost	35,402	23,724
Sales at cost	(63,713)	(34,096)
Cost of investments at end of year	**29,589**	**57,900**
Net unrealised gain/(loss) at end of year	673	(6,043)
Market value of investments at end of year	**30,262**	**51,857**
Listed on UK stock exchange	27,993	44,618
Listed on overseas stock exchanges	2,080	7,049
Unlisted*	189	190
Market value of investments at end of year	**30,262****	**51,857**

* *Ludgate 181 (Jersey) £189,000 (2019: £190,000).*
** *Due to the proposed liquidation, the market value of investments as at 30 June 2020 are now represented as current assets.*

Losses on Investments

	2020 £'000	2019 £'000
Net loss realised on sale of investments	(20,210)	(264)
Movement in unrealised gain/(loss)	6,716	(8,982)
Losses on investments	**(13,494)**	**(9,246)**

Transaction costs

The following transaction costs were incurred during the year:

	2020 £'000	2019 £'000
Purchases	169	103
Sales	16	18
	185	**121**

The above transaction costs include brokers' fees, depositary's transaction specific fees, stamp duty fees, or security transaction taxes, where applicable. These costs are directly linked to the acquisition or sale of investments, to the extent that such costs as shown separately on transaction confirmations.

The transaction costs consisting of brokers' fees, stamp duty fees, or security transaction taxes, where applicable are included in the statement of financial position in the 'Investments held at fair value' (Cost of investments (note 11)) and in the statement of comprehensive income in the 'Loss on investments at fair value' (Movement in unrealised gain/(loss) (note 11)) and the statement of cash flow in 'Purchases of investments' for the purchase of securities. The sale of securities are netted in the statement of comprehensive income in the 'Loss on investments at fair value' (Net loss realised on sale of investments (note 11)) and from the 'Sales of investments' in the statement of cash flow.

The transaction costs consisting of depositary's transaction specific fees are included in the statement of financial position as 'Payables' and in the statement of comprehensive income and statement of cashflow as 'Other expenses'.

12. Receivables

	2020 £'000	2019 £'000
Prepayments and accrued income	152	376
	152	**376**

The directors consider that the carrying amount of debtors approximates their fair value.

13. Payables

	2020 £'000	2019 £'000
Purchases for future settlement	–	32
Short term bank loan	–	4,000
Investment management fee	–	62
Other creditors	112	273
	112	**4,367**

Bank loan

The company's revolving bank loan was with Scotiabank Europe Plc, with a loan facility available up to a maximum of £22 million with a commitment of £12 million.

In April 2020 the company reduced the amount of its drawn down bank debt from £4.0 million to £nil funded from available cash reserves.

The amount outstanding at 30 June 2020 is £nil.

The company's loan facility expired on 24 September 2020 and was not renewed.

Notes to the accounts *(continued)*

14. Financial instruments

Background

The company's financial instruments comprise securities and other investments, cash balances and debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement and debtors for accrued income. The numerical disclosures below exclude short-term debtors and creditors.

During the year under review, the company had little exposure to credit, cashflow and interest rate risks. The principal risks the company faces in its portfolio management activities are:

- foreign currency risk
- market price risks i.e. movements in the value of investment holdings caused by factors other than interest rate or currency movement.

The investment adviser's policies for managing these risks are summarised below and have been applied throughout the year.

Policy

(a) Foreign Currency Risk

A proportion of the company's portfolio is invested in overseas securities and their sterling value can be significantly affected by movements in foreign exchange rates. The company does not normally hedge against foreign currency movements affecting the value of the investment portfolio, but takes account of this risk when making investment decisions.

Foreign currency sensitivity

The following tables illustrate the sensitivity of the profit after tax for the year to exchange rates for the £ against the US Dollar and the Euro. It assumes the following changes in exchange rates:

£/US Dollar +/–10% (2019: +/–5%) £/Euro +/–5% (2019: +/–5%)

These percentages have been determined based on market volatility in exchange rates over the previous twelve months. The sensitivity analysis is based on the company's foreign currency financial instruments held at the date of each statement of financial position.

If sterling had weakened against the currencies below this would have the following effect:

	2020 Impact on revenue return £'000	2020 Impact on capital return £'000	2020 Total £'000	2019 Impact on revenue return £'000	2019 Impact on capital return £'000	2019 Total £'000
US Dollar	–	143	143	–	229	229
Euro	–	–	–	–	123	123
	–	**143**	**143**	**–**	**352**	**352**

If sterling had strengthened against the currencies below this would have the following effect:

	2020 Impact on revenue return £'000	2020 Impact on capital return £'000	2020 Total £'000	2019 Impact on revenue return £'000	2019 Impact on capital return £'000	2019 Total £'000
US Dollar	–	(143)	(143)	–	(229)	(229)
Euro	–	–	–	–	(123)	(123)
	–	**(143)**	**(143)**	**–**	**(352)**	**(352)**

In the opinion of the directors, the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently.

(b) Market Price Risk

By the very nature of its activities, the company's investments are exposed to market price fluctuations. Further information on the investment portfolio and investment policy is set out in the investment adviser's review.

Other price risk sensitivity

The following illustrates the sensitivity of the profit after taxation for the year and the equity to an increase or decrease of 20% in the fair value of the company's equities. This level of change is considered to be reasonably possible based on observation of market conditions during the year.

The sensitivity analysis is based on the company's listed equities at each statement of financial position date.

The impact of a 20% increase in the value of investments on the revenue return as at 30 June 2020 is a decrease of £8,000 (2019: £13,000) and on the capital return is an increase of £6,030,000 (2019: £10,001,000).

The impact of a 20% fall in the value of investments on the revenue return as at 30 June 2020 is an increase of £8,000 (2019: £13,000) and on the capital return is a decrease of £6,030,00 (2019: £10,332,000).

(c) Interest rate risk

Interest rate movements may affect:

- the fair value of investments of any fixed interest securities;
- the level of income receivable from any floating interest-bearing securities and cash at bank and on deposit, and
- the interest payable on the company's floating interest term loans.

Interest rate sensitivity

As interest rates for any short term loans are fixed at the commencement of the loan, only cash at call are subject to interest rate movements. All such deposits at call, earn interest at daily rate. Therefore, if a sensitivity analysis was performed by increasing or decreasing the interest rates applicable to the company's cash balances held at each reporting date, with all other variables held constant, there would be no material change to the profit after taxation or net assets for the year.

Notes to the accounts *(continued)*

14. Financial instruments *(continued)*

The financial assets (excluding short term debtors and creditors) consist of:

	2020			2019		
	Floating rate* £'000	Non-interest bearing £'000	Total £'000	Floating rate £'000	Non-interest bearing £'000	Total £'000
Sterling	150	28,837	28,987	1,522	44,807	46,329
US Dollar	3	1,425	1,428	14	4,572	4,586
Euros	–	–	–	–	2,477	2,477
	153	**30,262**	**30,415**	**1,536**	**51,856**	**53,392**

** The floating interest rate risk assets consist of cash deposits at call. Sterling cash deposits at call earn interest at floating rates based on daily Sterling Overnight Index Average (SONIA) rates.*

The non-interest bearing assets represent the equity element of the investment portfolio at 30 June 2020. However, the amounts are not representative of the exposure to foreign currency risk during the year as levels of monetary foreign currency exposure change significantly throughout the year.

(d) Fair value hierarchy

IFRS 13 Fair Value Measurement requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

Level 1 reflects financial instruments quoted in an active market.

Level 2 reflects financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables includes only data from observable markets.

Level 3 reflects financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument and not based on available observable market data.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

	2020				2019			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity Investments	30,073	–	189	30,262	51,667	–	190	51,857

Equity investments

A reconciliation of fair value measurements in Level 3 is set out in the following table:

	2020 £'000	2019 £'000
Opening balance	190	371
Sales	–	(209)
Fair value movements	(1)	28
Closing balances	**189**	**190**

The closing balance represents Ludgate 181 (Jersey) £189,000 (30 June 2019: £190,000).

(e) Credit and counterparty risk

Credit risk is the exposure to loss from the failure of a counterparty to deliver securities or cash for acquisitions or to repay deposits.

The company manages credit risk by using brokers from a database of approved brokers who have undergone rigorous due diligence test by the manager's risk management team and by dealing through Jupiter Asset Management Limited with banks approved by the Financial Conduct Authority. Any derivative positions are marked to market and exposure to counterparties is monitored on a daily basis by the manager; the board of directors reviews it on a quarterly basis. The maximum exposure to credit risk as at 30 June 2020 was £305,000 (2019: £1,912,000). The calculation is based on the company's credit exposure as at 30 June 2020 and may not be representative of the year as a whole.

Liquidity risk

Liquidity risk is not considered significant. The company's assets comprise mainly readily realisable securities which can be sold to meet funding requirements if necessary. Short term flexibility is achieved through the use of short term borrowings.

All liabilities are payable within three months as shown in the table below:

	2020				2019			
	3 months or less £'000	Not more than 1 year £'000	More than 1 year £'000	Total £'000	3 months or less £'000	Not more than 1 year £'000	More than 1 year £'000	Total £'000
Current liabilities	112	–	–	112	4,367	–	–	4,367

Notes to the accounts *(continued)*

14. Financial instruments *(continued)*

Capital management policies and procedures

The company's capital comprises the equity share capital, share premium and reserves as shown in the statement of financial position.

The board, with the assistance of the investment adviser, monitors and reviews the broad structure of the company's capital on an ongoing basis. This review includes:

- The planned level of gearing, which takes into account the investment adviser's view on the market;
- The need to buyback equity shares, either for cancellation or to hold in treasury, which takes account of the difference between the net asset value per share and the share price (i.e. the level of share price discount or premium); and
- The extent to which revenue in excess of that which is required to be distributed should be retained.

During the period, the company complied with the externally imposed capital requirements:

- As a public company, the company has a minimum share capital of £50,000; and
- In order to be able to pay dividends out of profits available for distribution, the company has complied with the capital restriction tests imposed on investment companies by company law.

15. Called-up share capital

Called up share capital is the nominal value of the issued shares of the company being 29,721,678 shares at 5p each.

	Number	2020 £	Number	2019 £
Allotted, issued and fully paid:				
Ordinary shares of 5p each				
Opening balance of ordinary shares of 5p each (2019: 5p each)	16,866,072	843,303	19,145,493	957,274
Repurchase of shares into treasury	(1,844,176)	(92,209)	(2,279,421)	(113,971)
Closing balance of shares	**15,021,896**	**751,094**	**16,866,072**	**843,303**
Treasury shares				
Opening balance of ordinary shares of 5p each (2019: 5p each)	12,855,606	642,781	10,576,185	528,810
Repurchase of shares into treasury	1,844,176	92,209	2,279,421	113,971
Closing balance of shares held in treasury	**14,699,782**	**734,990**	**12,855,606**	**642,781**
Total		**1,486,084**		**1,486,084**

16. Share premium

Share premium is the amount received by the company for shares issued, in excess of the nominal value of those shares.

	2020 £'000	2019 £'000
At beginning of year	50,461	50,461
At end of year	**50,461**	**50,461**

17. Capital redemption reserve

The nominal value of ordinary share capital purchased and cancelled is transferred out of called-up share capital and into the capital redemption reserve.

18. Retained earnings

Retained earnings represent the accumulated net income of the company as at year end and are broken down into revenue (distributable) items and capital (non-distributable) items. In accordance with the company's articles of association, net capital returns may not be distributed by way of dividend. The table below shows the movement in the retained earnings analysed between revenue and capital items.

	Revenue £'000	Capital £'000	Total £'000
At 30 June 2019	2,478	(5,706)	(3,228)
Net return/(loss) for the year (unrealised)	746	6,717	7,463
Net return/(loss) for the year (realised)	–	(20,365)	(20,365)
Dividends paid	(1,365)	–	(1,365)
Shares repurchased	–	(4,680)	(4,680)
At 30 June 2020	**1,859**	**(24,034)**	**(22,175)**

	Revenue £'000	Capital £'000	Total £'000
At 30 June 2018	2,202	10,360	12,562
Net return/(loss) for the year (unrealised)	1,572	(8,894)	(7,322)
Net return/(loss) for the year (realised)	–	(507)	(507)
Dividends paid	(1,296)	–	(1,296)
Shares repurchased	–	(6,665)	(6,665)
At 30 June 2019	**2,478**	**(5,706)**	**(3,228)**

19. Net asset value per ordinary share

The net asset value per ordinary share is based on the net assets attributable to the equity shareholders of £30,455,454 (2019: £49,402,103) and on 15,021,896 (2019: 16,866,072) ordinary shares, being the number of ordinary shares in issue at the year end, excluding ordinary shares held in treasury.

20. Reconciliation of net cash inflow from operating activities

	2020 £'000	2019 £'000
Net loss before finance costs and taxation	(12,820)	(7,584)
Loss on investments	13,494	9,246
Loss/(gains) on foreign currency	3	(222)
Decrease/(increase) in prepayments and accrued income	224	(51)
(Decrease)/increase in accruals and other creditors	(223)	142
Net cash inflow from operating activities	**678**	**1,531**

Notes to the accounts *(continued)*

21. Analysis of changes in financing activities

	1 July 2019 £'000	Transactions in the year £'000	Cashflow £'000	30 June 2020 £'000
Bank loans	4,000	–	(4,000)	–
Equity dividends paid	–	1,365	(1,365)	–
Shares repurchased	–	4,680	(4,680)	–
Total	**4,000**	**6,045**	**(10,045)**	**–**

22. Arrangements with related parties

Jupiter Unit Trust Managers Limited ('JUTM'), the Alternative Investment Fund Manager, is a company within the same group as Jupiter Asset Management Limited ('JAM') the investment adviser. JUTM is contracted to provide investment management services to the company, subject to termination by not less than twelve months' notice by either party.

JUTM receives an investment management fee as set out below. The management fee payable to JUTM in respect of the period 1 July 2019 to 30 June 2020 was £119,550 with £nil outstanding at period end.

The management fee payable to JUTM is 0.50% of adjusted net assets (being net assets before deducting or making provision for any performance fee which may be due and after deduction of the value of any Jupiter managed investments). This fee will be further reduced to 0.45% to the extent that the company's adjusted net assets come to exceed £150 million and will be reduced further still to 0.40% to the extent that the company's adjusted net assets exceed £250 million.

On 18 February 2020, the board announced that it had reached an agreement with Jupiter for Richard Buxton to assume lead fund management responsibility for the company. The base management fee charged to the company will continue to calculate as set out above. However, as part of these new arrangements the board has agreed with Jupiter that the company will not be charged a base management fee for the period from 1 January 2020 to 31 December 2020.

JUTM is also entitled to an investment performance fee which is based on the out-performance of the net asset value per ordinary share over the total return on the benchmark index (being the total return on the FTSE All Share Index) in each calculation period. No performance fee was payable to JUTM in respect of the year ended 30 June 2020.

Any performance fee payable per ordinary share will equal 15% of the amount by which the increase in the adjusted net asset value per ordinary share (being the net asset value per ordinary share adjusted by adding back any accrual for unpaid performance fee and any dividends paid or payable by reference to the calculation period in question) exceeds the higher of:

1) in respect of each subsequent calculation period, the net asset value per ordinary share on the last calculation date of the immediately preceding calculation period, as increased or decreased by the percentage by which the total return of the benchmark index increases or decreases during the calculation period plus 2%;

2) if applicable, the net asset value per ordinary share on the last calculation date by reference to which a performance fee was paid (such calculation date not being before 30 June 2016), increased or decreased by the total return of the benchmark index increases or decreases during the calculation period plus 2%; and

3) the estimated net asset value per ordinary share on Friday, 29 July 2016 (being 285.80p).

In respect of the calculation period ending 30 June 2017, the turbulent market conditions in the immediate aftermath of the Brexit referendum resulted in an estimated NAV per share of 265.12p as at 30 June 2016. Rather than adopt this NAV as the new high watermark for the then current and subsequent calculation periods for the purposes of any performance fee accrual, the board agreed with the manager on 26 September 2016 that it would be appropriate to adopt the higher estimated NAV of 285.80p as at 29 July 2016 as its new high watermark for these purposes.

The aggregate of any base management and performance fees payable to JUTM in respect of any one calculation period is limited to 2% of the adjusted net assets of the company on the relevant calculation date.

No management fee is payable by the company to JAM in respect of the company's holdings in investment trusts, open-ended funds and investment companies in respect of which Jupiter Fund Management PLC, or any subsidiary undertaking of Jupiter Fund Management PLC, receives fees as investment manager or investment adviser. During the period there were no such investments.

There are no transactions with the directors other than the remuneration paid to them as disclosed in the directors' remuneration report on page 44 and the beneficial interests of the directors in the ordinary shares of the company as disclosed on page 44 of the 2020 annual report and accounts.

23. Contingent liabilities and capital commitments

As at 30 June 2020 and 30 June 2019 there were no contingent liabilities or capital commitments.

24. Post statement of financial position event

Since the year end an additional 346,042 ordinary shares were repurchased to be held in treasury for prices between 177p and 193p per share.

25. Post balance sheet events

If approved by the shareholder the company will be liquidated before the next financial year end.

The board advised shareholders on 28 September 2020 that it was considering options for the future of the company and currently believes that the best option is to liquidate the company so that shareholders will have the option to receive cash or, if possible, the ability to rollover their investment into another investment vehicle.

The board hopes to be in a position to update shareholders not later than the Annual General Meeting in November. It is intended that a circular be issued to shareholders in due course outlining the full details of recommended proposals. The circular will also include a notice for a general meeting of the company, enabling resolutions to be proposed and voted on by shareholders.

Company information

Directors	Tom H Bartlam, Chairman Keith Bray Jonathan G D Davis Graham M Fuller Lorna M Tilbian
Registered office	The Zig Zag Building 70 Victoria Street, London SW1E 6SQ
Alternative investment fund manager	Jupiter Unit Trust Managers Limited, The Zig Zag Building 70 Victoria Street, London SW1E 6SQ
Telephone **Facsimile** **Website** **Email**	**020 3817 1000** **020 3817 1820** **www.jupiteram.com/JUKG** **investmentcompanies@jupiteram.com** Authorised and regulated by the Financial Conduct Authority
Investment adviser & secretary **Telephone** **Facsimile**	Jupiter Asset Management Limited The Zig Zag Building, 70 Victoria Street, London SW1E 6SQ 020 3817 1000 020 3817 1820 Authorised and regulated by the Financial Conduct Authority
Custodian	J.P. Morgan Chase Bank N.A 25 Bank Street, Canary Wharf, London E14 5JP Authorised and regulated by the Financial Conduct Authority
Depositary	J.P. Morgan Europe Limited 25 Bank Street, Canary Wharf, London E14 5JP Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority
Independent auditor	Haysmacintyre LLP 10 Queen Street Place, London EC4R 1AG
Registrars **Telephone** **Telephone (overseas)** **Website** **Email**	Link Asset Services 34 Beckenham Road, Beckenham, Kent BR3 4TU 0371 664 0300 Lines are open from 09:00 a.m. to 5:30.p.m. Monday to Friday. Calls are charged at the standard geographic rate and will vary by provider. +44 (0)371 664 0300 Calls outside the United Kingdom will be charged at the applicable international rate **www.linkassetservices.com** **shareportal@linkgroup.co.uk**
Broker	Numis Securities Limited The London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT Authorised and regulated by the Financial Conduct Authority
Company registration number	1040834 Registered in England & Wales An investment company under s.833 of the Companies Act 2006.

Investor codes	
Sedol number	
Ordinary shares	BFD3V96
ISIN	
Ordinary shares	GB00BFD3V961
Ticker	
Ordinary shares	JUKG/LON

The company is a member of

Investor information

FTSE All-Share Total Return Index

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Retail distribution of non-mainstream products

The company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The company's shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Performance updates

The company publishes a monthly factsheet which contains key information about its performance, investment portfolio and pricing. The factsheets together with electronic copies of the most recent annual and half-yearly reports and accounts are available for download from www.jupiteram.com/JUKG. Should you wish to be added to an email distribution list for future editions of the monthly factsheet, please send an email to investmentcompanies@jupiteram.com. For investors who do not have access to the internet, these documents are also available on request from Jupiter's Customer Services Team on 0800 561 4000.

Further information about the company is also available from third party websites such as www.morningstar.co.uk and www.theaic.com.

Dividend tax allowance

With effect from 6 April 2016 the dividend tax credit was replaced by an annual tax-free dividend allowance. Dividend income in excess of this allowance will be taxed according to your personal income tax bracket. The company's registrar will continue to provide shareholders with confirmation of dividends paid and shareholders should retain such confirmations to enable them to calculate and report total dividend income received. Shareholders should note that it is their sole responsibility to report any dividend income in excess of their annual tax-free allowance to HMRC.

Further information on the dividend tax allowance can be obtained from the HMRC website at:
https://www.gov.uk/tax-on-dividends

Dividend reinvestment plan and managing your account online

Shareholders may elect for the company's registrar, Link Asset Services, to reinvest dividends automatically on their behalf.

The reinvestment plan terms and conditions are available upon request from the helpline, by email to **shares@linkgroup.co.uk**, or through **www. signalshares.com**. The helpline number is 0371 664 0300, or from overseas +44 (0) 371 664 0300. Calls to this number are charged at the standard geographical rate and will vary by provider. Calls outside of the United Kingdom will be charged at the applicable international rate. Lines are open from 09.00 am to 5.30 pm Monday to Friday.

Signal shares is the Link Asset Services online portal enabling you to manage your shareholding online. If you are a direct investor you can view your shareholding, change the way the registrar communicates with you or the way you receive your dividends, and buy and sell shares. If you haven't used this service before, all you need to do is enter the name of the company and register your account. You'll need your investor code (IVC) printed on your share certificate in order to register.

Changes to our data privacy notice

We have updated our privacy notice to align with the new data privacy law in the European Union, known as the General Data Protection Regulation (GDPR) to which we are subject. Data protection and the security of your information always has been and remains of paramount importance to us. Any information concerning shareholders and other related natural persons (together, the data subjects) provided to, or collected by or on behalf of, Jupiter Unit Trust Managers Limited (the management company) and/or Jupiter UK Growth Investment Trust PLC (the controllers) (directly from Data Subjects or from publicly available sources) may be processed by the controllers as joint controllers, in compliance with the GDPR.

You are not required to take any action in respect of this notice, but we encourage you to read our privacy notice. Our privacy notice can be found on our website, **www.jupiteram.com/Shared-Content/Legal-contentpages/Privacy/Investment-trusts**. In the event that you hold your shares as a nominee, we request that you promptly pass on the details of where to find our privacy notice to the underlying investors and/or the beneficial owners.

Important risk warnings

Advice to shareholders

In recent years investment related scams have become increasingly sophisticated and difficult to spot. We are therefore warning all our shareholders to be cautious so that they can protect themselves and spot the warning signs.

Fraudsters will often:

- contact you out of the blue
- apply pressure to invest quickly
- downplay the risks to your money
- promise tempting returns that sound too good to be true
- say that they are only making the offer available to you
- ask you to not tell anyone else about it

You can avoid investment scams by:

- **Rejecting unexpected offers** – Scammers usually cold call but contact can also come by email, post, word of mouth or at a seminar. If you have been offered an investment out of the blue, chances are it's a high risk investment or a scam.
- **Checking the FCA Warning List** – Use the FCA Warning List to check the risks of a potential investment. You can also search to see if the firm is known to be operating without proper FCA authorisation.
- **Getting impartial advic**e – Before investing get impartial advice and don't use an adviser from the firm that contacted you.

If you are suspicious, report it

- You can report the firm or scam to the FCA by contacting their Consumer Helpline on **0800 111 6768** or using their online reporting form.
- If you have lost money in a scam, contact **Action Fraud** on **0300 123 2040** or **www.actionfraud.police.uk**

For further helpful information about investment scams and how to avoid them please visit **www.fca.org.uk/scamsmart**.

Glossary of terms including alternative performance measures

Alternative performance measures

The European Securities and Markets Authority ('ESMA') published its guidelines on Alternative Performance Measures ('APMs'). APMs are defined as being a 'financial measure of historical or future financial performance, financial position, or cash flow, other than a financial measure defined or specified in the applicable accounting framework.' The guidelines are aimed at promoting the usefulness and transparency of APMs included in regulated information and aim to improve comparability, reliability and/or comprehensibility of APMs. The following APMs are used throughout the annual report, financial statements and notes to the financial statements.

Benchmark total return index

A total return index is a type of equity performance index that tracks both the capital gains of a group of stocks over time, and assumes that any cash distributions, such as dividends, are reinvested back into the index.

Discount*

The amount, expressed as a percentage, by which the share price is less than the net asset value per share.

As at 30 June 2020 the share price was 184.50p and the net asset value per share (cum income) was 202.70p, the discount therefore being (9.0)%.

Discount management

Discount management is the process of the buyback and issue of company shares by the company, to and from its own holding or 'treasury' with the intention of managing any imbalance between supply and demand for the company's shares and thereby the market price. The aim is to ensure that, in normal market conditions, the market price of the company's shares will not materially vary from its NAV per share. The authority to repurchase the company's shares is voted upon by the shareholders at each annual general meeting.

Gearing*

Gearing is the borrowing of cash to buy more assets for the portfolio with the aim of making a gain on those assets larger than the cost of the loan. However, if the portfolio doesn't perform well the gain might not cover the costs. The more an investment company gears, the higher the risk.

Gearing is calculated at as the ratio of the company's borrowings to its total assets (less cash) expressed as a percentage.

As discussed in the Chairman's Statement the company is not currently geared.

Mid market price

The mid-market price is the mid-point between the buy and the sell prices.

NAV per share*

The net asset value ('NAV') is the value of the investment company's assets less its liabilities. The NAV per share is the NAV divided by the number of shares in issue. The difference between the NAV per share and the share price is known as the discount or premium.

The NAV per share was 202.70p as at 30 June 2020.

NAV per share (with dividends added back)*

NAV per share (with dividends added back) is the NAV per share plus the rate per share of the total dividends paid during the year.

Ongoing charges*

Ongoing charges are the total expenses including both the investment management fee and other costs, but excluding finance costs, capital expenditure and performance fees, as a percentage of NAV.

The calculation of the ongoing charges is provided in note 6 of the accounts.

Premium*

The amount, expressed as a percentage, by which the share price is more than the net asset value per share.

Glossary of terms including alternative performance measures *(continued)*

Treasury shares

Treasury shares are the part of the issued share capital that is held by the company. They do not rank for dividend income, they do not have voting rights and they have no entitlement to assets in the liquidation of the company. The company uses treasury shares for discount management purposes as described above and in more detail in the strategic review on page 26.

* *Alternative performance measure.*

Notice of annual general meeting

This Notice of Meeting is an important document. If shareholders are in any doubt as to what action to take, they should consult an appropriate independent adviser.

Notice is hereby given that the annual general meeting ('AGM') of the company will be held at the offices of Jupiter Asset Management Limited, The Zig Zag Building, 70 Victoria Street, London SW1E 6SQ on Thursday, 19 November 2020 at 12.00 noon for the purpose of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 9 will be proposed as ordinary resolutions and resolutions 10 and 11 will be proposed as special resolutions:

Ordinary business

1. That the report of the directors and the audited accounts of the company for the year ended 30 June 2020 be received and adopted.
2. That a final dividend of 5.0p per ordinary share be paid in respect of the financial year ended 30 June 2020
3. That the directors' remuneration policy be approved.
4. That the directors' remuneration report for the year ended 30 June 2020 be approved.
5. That Mr Tom H Bartlam be re-elected as a director of the company.
6. That Mr Keith Bray be re-elected as a director of the company.
7. That Mr Jonathan G D Davis be re-elected as a director of the company.
8. That Mr Graham M Fuller be re-elected as a director of the company.
9. That Ms Lorna M Tilbian be re-elected as a director of the company.

Special business

10. That the company be generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make one or more market purchases (within the meaning of Section 693 of the Act) of ordinary shares in the capital of the company ('ordinary shares') provided that:

    (i) the maximum aggregate number of ordinary shares authorised to be purchased is 2,199,910 or the number representing 14.99% of the issued ordinary share capital of the company at the date of the meeting at which this resolution is proposed;

    (ii) the minimum price which may be paid for an ordinary share is the nominal value hereof;

    (iii) the maximum price (excluding expenses of such purchase) which may be paid for an ordinary share is the higher of:

    (a) 105% of the average middle market quotations for an ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is purchased; and

    (b) the higher of the price of the last independent trade and the highest current independent bid as stipulated by Article 5(1) of Commission Regulation EC 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buyback programmes and stabilisation of financial instruments (No. 2273/2003);

    (iv) unless renewed, the authority shall expire on 30 November 2021 or on the date on which a resolution is put to shareholders at a general meeting for the company to be voluntarily wound up, whichever is the earlier, unless the directors have previously been released from this obligation by the company's shareholders save that the company may, prior to such expiry, enter into a contract to purchase shares which will or may be completed or executed wholly or partly after such expiry.

11. That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

By order of the board

Jupiter Asset Management Limited
Company secretary
13 October 2020

Notes for the annual general meeting *(continued)*

1. A member entitled to attend and vote may appoint a proxy or proxies to attend, speak and vote instead of him or her. In consideration of the wellbeing of the company's shareholders and in light of Government guidance around social distancing, shareholders will not be permitted to attend the AGM this year. Shareholders are strongly encouraged to appoint the 'Chairman of the meeting' as their proxy rather than any other person, who will not be permitted to attend. A form of proxy, if used, must be lodged at the company's registrars, Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF by 12 noon on Tuesday, 17 November 2020. To appoint more than one proxy you may photocopy a paper proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the company specifies that to be entitled to attend and vote at the meeting (and for the purpose of the determination by the company of the number of votes they may cast), members must be entered on the company's register of members at close of business on Tuesday, 17 November 2020. If the meeting is adjourned then, to be so entitled, members must be entered on the company's register of members at the time which is 48 hours before the time fixed for the adjourned meeting or, if the company gives notice of the adjourned meeting, at the time specified in that notice.
3. Electronic proxy voting is available for this meeting. If you would like to submit your voting instructions using the web-based voting facility please go to www.signalshares.com. If you have not already registered with Signal Shares you will need your Investor Code which can be found on your share certificate. Once registered you will be able to vote immediately by selecting 'Proxy Voting' from the menu.

   If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the company and approved by the registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by not less than forty-eight hours before the meeting in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.
4. If you require a paper proxy please call our registrar Link Asset Services on 0371 664 0300 or, if calling from overseas, on +44 (0) 371 664 0391. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales.
5. As at 30 September 2020 (being the latest practicable date prior to the publication of the Notice) the company's issued share capital was 29,721,678 ordinary shares of 5p each, of which 15,045,824 are held in treasury. As a result the total voting rights as at 30 September 2020 is 14,675,854.
6. The vote 'Withheld' is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Withheld' vote is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
7. Any questions shareholders have concerning the business to be conducted at the meeting may be emailed to magnus.spence@jupiteram.com. Please include your name and shareholder reference number. The company will respond to each shareholder.
8. Proxy forms may be submitted online through the CREST electronic proxy appointment service. CREST members or designated voting service providers acting on behalf of members should refer to the CREST manual and Euroclear UK & Ireland Limited's specifications to ensure a valid proxy appointment and/or instructions are submitted through the CREST service. For a valid proxy appointment or instruction to be made using the CREST service, the proxy message must:
   - Be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications;
   - Contain the information required as described in the CREST manual; and
   - Be submitted so that it is received by the company's Registrars, Link Asset Services, no later than 12.00 noon on 17 November 2020 (or, if the meeting is adjourned, within 48 hours of the adjourned meeting or such other time as is specified by the company in a notice of meeting).

   Please note that the time of receipt of a proxy appointment or instruction is taken to be the time from which the company's registrars are able to retrieve the message by enquiry to CREST. Members and/or voting service providers using the CREST service should refer to the CREST manual for guidance on the practical limitations of CREST service and timings. The company may treat as invalid a CREST proxy appointment or instruction in the circumstances set out in Regulation 35 (5) (a) of the Uncertificated Securities Regulations, 2001.
9. If you have disposed of your holding in the company the report should be passed on to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

10. Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
11. A copy of the Notice of meeting and other information required by Section 311A of the Companies Act 2006, can be found at at **www.jupiteram.com/JUKG**
12. Under Sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the company: (i) to give, to members of the company entitled to receive notice of the meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the meeting; and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may properly be included in the business at the meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the company not later than the date that is six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
13. Under Section 527 of the Act, shareholders meeting the threshold requirement set out in that section have the right to require the company to publish on a website a statement setting out any matter relating to: (i) the audit of the company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting; or (ii) any circumstances connected with an auditor of the company ceasing to hold office since the previous AGM at which the annual accounts and reports were laid in accordance with Section 437 of the Act. The company may not require the shareholders requesting any such website publication to cover any costs incurred in complying with Section 527 or 528 and is required to forward any statement placed on a website to the company's auditor not later than the time when it makes the statement on the website. The business which may be dealt with at the meeting includes any statements that the company has been required under Section 527 of the Act to publish on a website.
14. Shareholders are advised that, unless otherwise stated, any telephone number, website and email address set out in this Notice should not be used for the purpose of serving information on the company (including the service of documents or information relating to the proceedings at the company's AGM).

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